In the House of Representatives, U. S.,

September 25, 2007.

Resolved, That the House agree to the amendments of the Senate to the bill (H.R. 976) entitled "An Act to amend the Internal Revenue Code of 1986 to provide tax relief for small businesses, and for other purposes", with the following

HOUSE AMENDMENTS TO SENATE AMENDMENTS:

In lieu of the matter proposed to be inserted by the Senate amendment to the text of the bill, insert the following:

- SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECU-
- 2 RITY ACT; REFERENCES; TABLE OF CON-
- 3 TENTS.
- 4 (a) Short Title.—This Act may be cited as "Chil-
- 5 dren's Health Insurance Program Reauthorization Act of
- 6 2007".
- 7 (b) Amendments to Social Security Act.—Except
- 8 as otherwise specifically provided, whenever in this Act an
- 9 amendment is expressed in terms of an amendment to or
- 10 repeal of a section or other provision, the reference shall
- 11 be considered to be made to that section or other provision
- 12 of the Social Security Act.
- 13 (c) References to CHIP; Medicaid; Secretary.—
- 14 In this Act:

- (1) CHIP.—The term "CHIP" means the State 1 2 Children's Health Insurance Program established 3 under title XXI of the Social Security Act (42 U.S.C. 1397aa et seg.). (2) MEDICAID.—The term "Medicaid" means the 6 program for medical assistance established under title 7 XIX of the Social Security Act (42 U.S.C. 1396 et 8 seq.). 9 (3) Secretary.—The term "Secretary" means 10 the Secretary of Health and Human Services. 11 (d) Table of Contents of this Act is as follows:
- Sec. 1. Short title; amendments to Social Security Act; references; table of contents.
 - Sec. 2. Purpose.
 - Sec. 3. General effective date; exception for State legislation; contingent effective date; reliance on law.

TITLE I—FINANCING

Subtitle A—Funding

- Sec. 101. Extension of CHIP.
- Sec. 102. Allotments for States and territories for fiscal years 2008 through 2012.
- Sec. 103. Child Enrollment Contingency Fund.
- Sec. 104. CHIP performance bonus payment to offset additional enrollment costs resulting from enrollment and retention efforts.
- Sec. 105. 2-year initial availability of CHIP allotments.
- Sec. 106. Redistribution of unused allotments to address State funding shortfalls.
- Sec. 107. Option for qualifying States to receive the enhanced portion of the CHIP matching rate for Medicaid coverage of certain children.
- Sec. 108. One-time appropriation.
- Sec. 109. Improving funding for the territories under CHIP and Medicaid.

Subtitle B—Focus on Low-Income Children and Pregnant Women

- Sec. 111. State option to cover low-income pregnant women under CHIP through a State plan amendment.
- Sec. 112. Phase-Out of coverage for nonpregnant childless adults under CHIP; conditions for coverage of parents.
- Sec. 113. Elimination of counting Medicaid child presumptive eligibility costs against Title XXI allotment.

- Sec. 114. Limitation on matching rate for States that propose to cover children with effective family income that exceeds 300 percent of the poverty line.
- Sec. 115. State authority under Medicaid.
- Sec. 116. Preventing substitution of CHIP coverage for private coverage.

TITLE II—OUTREACH AND ENROLLMENT

Subtitle A—Outreach and Enrollment Activities

- Sec. 201. Grants and enhanced administrative funding for outreach and enrollment.
- Sec. 202. Increased outreach and enrollment of Indians.
- Sec. 203. State option to rely on findings from an Express Lane agency to conduct simplified eligibility determinations.

Subtitle B—Reducing Barriers to Enrollment

- Sec. 211. Verification of declaration of citizenship or nationality for purposes of eligibility for Medicaid and CHIP.
- Sec. 212. Reducing administrative barriers to enrollment.
- Sec. 213. Model of Interstate coordinated enrollment and coverage process.

TITLE III—REDUCING BARRIERS TO PROVIDING PREMIUM ASSISTANCE

Subtitle A—Additional State Option for Providing Premium Assistance

- Sec. 301. Additional State option for providing premium assistance.
- Sec. 302. Outreach, education, and enrollment assistance.

Subtitle B—Coordinating Premium Assistance With Private Coverage

Sec. 311. Special enrollment period under group health plans in case of termination of Medicaid or CHIP coverage or eligibility for assistance in purchase of employment-based coverage; coordination of coverage.

TITLE IV—STRENGTHENING QUALITY OF CARE AND HEALTH OUTCOMES

- Sec. 401. Child health quality improvement activities for children enrolled in Medicaid or CHIP.
- Sec. 402. Improved availability of public information regarding enrollment of children in CHIP and Medicaid.
- Sec. 403. Application of certain managed care quality safeguards to CHIP.

TITLE V—IMPROVING ACCESS TO BENEFITS

- Sec. 501. Dental benefits.
- Sec. 502. Mental health parity in CHIP plans.
- Sec. 503. Application of prospective payment system for services provided by Federally-Qualified Health Centers and rural health clinics.
- Sec. 504. Premium grace period.
- Sec. 505. Demonstration projects relating to diabetes prevention.
- Sec. 506. Clarification of coverage of services provided through school-based health centers.

TITLE VI—PROGRAM INTEGRITY AND OTHER MISCELLANEOUS PROVISIONS

Subtitle A—Program Integrity and Data Collection

- Sec. 601. Payment error rate measurement ("PERM").
- Sec. 602. Improving data collection.
- Sec. 603. Updated Federal evaluation of CHIP.
- Sec. 604. Access to records for IG and GAO audits and evaluations.
- Sec. 605. No Federal funding for illegal aliens.

Subtitle B—Miscellaneous Health Provisions

- Sec. 611. Deficit Reduction Act technical corrections.
- Sec. 612. References to title XXI.
- Sec. 613. Prohibiting initiation of new health opportunity account demonstration programs.
- Sec. 614. County medicaid health insuring organizations; GAO report on Medicaid managed care payment rates.
- Sec. 615. Adjustment in computation of Medicaid FMAP to disregard an extraordinary employer pension contribution.
- Sec. 616. Moratorium on certain payment restrictions.
- Sec. 617. Medicaid DSH allotments for Tennessee and Hawaii.
- Sec. 618. Clarification treatment of regional medical center.
- Sec. 619. Extension of SSI web-based asset demonstration project to the Medicaid program.

Subtitle C—Other Provisions

- Sec. 621. Support for injured servicemembers.
- Sec. 622. Military family job protection.
- Sec. 623. Outreach regarding health insurance options available to children.
- Sec. 624. Sense of Senate regarding access to affordable and meaningful health insurance coverage.

TITLE VII—REVENUE PROVISIONS

- Sec. 701. Increase in excise tax rate on tobacco products.
- Sec. 702. Administrative improvements.
- Sec. 703. Time for payment of corporate estimated taxes.

1 SEC. 2. PURPOSE.

- 2 It is the purpose of this Act to provide dependable and
- 3 stable funding for children's health insurance under titles
- 4 XXI and XIX of the Social Security Act in order to enroll
- 5 all six million uninsured children who are eligible, but not
- 6 enrolled, for coverage today through such titles.

1	SEC. 3. GENERAL EFFECTIVE DATE; EXCEPTION FOR STATE
2	LEGISLATION; CONTINGENT EFFECTIVE
3	DATE; RELIANCE ON LAW.
4	(a) General Effective Date.—Unless otherwise
5	provided in this Act, subject to subsections (b) and (c), this
6	$Act \ (and \ the \ amendments \ made \ by \ this \ Act) \ shall \ take \ effect$
7	on October 1, 2007, and shall apply to child health assist-
8	ance and medical assistance provided on or after that date
9	without regard to whether or not final regulations to carry
10	out this Act (or such amendments) have been promulgated
11	by such date.
12	(b) Exception for State Legislation.—In the case
13	of a State plan under title XIX or State child health plan
14	under XXI of the Social Security Act, which the Secretary
15	of Health and Human Services determines requires State
16	legislation in order for respective plan to meet one or more
17	additional requirements imposed by amendments made by
18	this Act, the respective State plan shall not be regarded as
19	failing to comply with the requirements of such title solely
20	on the basis of its failure to meet such an additional re-
21	quirement before the first day of the first calendar quarter
22	beginning after the close of the first regular session of the
23	State legislature that begins after the date of enactment of
24	this Act. For purposes of the previous sentence, in the case
25	of a State that has a 2-year legislative session, each year

1	of the session shall be considered to be a separate regular
2	session of the State legislature.
3	(c) Contingent Effective Date for CHIP Fund-
4	ING FOR FISCAL YEAR 2008.—Notwithstanding any other
5	provision of law, if funds are appropriated under any law
6	(other than this Act) to provide allotments to States under
7	CHIP for all (or any portion) of fiscal year 2008—
8	(1) any amounts that are so appropriated that
9	are not so allotted and obligated before the date of the
10	enactment of this Act are rescinded; and
11	(2) any amount provided for CHIP allotments to
12	a State under this Act (and the amendments made by
13	this Act) for such fiscal year shall be reduced by the
14	amount of such appropriations so allotted and obli-
15	gated before such date.
16	(d) Reliance on Law.—With respect to amendments
17	made by this Act (other than title VII) that become effective
18	as of a date—
19	(1) such amendments are effective as of such date
20	whether or not regulations implementing such amend-
21	ments have been issued; and
22	(2) Federal financial participation for medical
23	assistance or child health assistance furnished under
24	title XIX or XXI, respectively, of the Social Security
25	Act on or after such date by a State in good faith re-

1	liance on such amendments before the date of promul-
2	gation of final regulations, if any, to carry out such
3	amendments (or before the date of guidance, if any,
4	regarding the implementation of such amendments)
5	shall not be denied on the basis of the State's failure
6	to comply with such regulations or guidance.
7	TITLE I—FINANCING
8	Subtitle A—Funding
9	SEC. 101. EXTENSION OF CHIP.
10	Section 2104(a) (42 U.S.C. 1397dd(a)) is amended—
11	(1) in paragraph (9), by striking "and" at the
12	end;
13	(2) in paragraph (10), by striking the period at
14	the end and inserting a semicolon; and
15	(3) by adding at the end the following new para-
16	graphs:
17	"(11) for fiscal year 2008, \$9,125,000,000;
18	"(12) for fiscal year 2009, \$10,675,000,000;
19	"(13) for fiscal year 2010, \$11,850,000,000;
20	"(14) for fiscal year 2011, \$13,750,000,000; and
21	"(15) for fiscal year 2012, for purposes of mak-
22	ing 2 semi-annual allotments—
23	"(A) \$1,750,000,000 for the period begin-
24	ning on October 1, 2011, and ending on March
25	31, 2012, and

1	"(B) \$1,750,000,000 for the period begin-
2	ning on April 1, 2012, and ending on September
3	30, 2012.".
4	SEC. 102. ALLOTMENTS FOR STATES AND TERRITORIES FOR
5	FISCAL YEARS 2008 THROUGH 2012.
6	Section 2104 (42 U.S.C. 1397dd) is amended—
7	(1) in subsection $(b)(1)$, by striking "subsection
8	(d)" and inserting "subsections (d) and (i)";
9	(2) in subsection $(c)(1)$, by striking "subsection
10	(d)" and inserting "subsections (d) and (i)(4)"; and
11	(3) by adding at the end the following new sub-
12	section:
13	"(i) Allotments for Fiscal Years 2008 Through
14	2012.—
15	"(1) For fiscal year 2008.—
16	"(A) FOR THE 50 STATES AND THE DIS-
17	TRICT OF COLUMBIA.—Subject to the succeeding
18	provisions of this paragraph and paragraph (4),
19	the Secretary shall allot for fiscal year 2008
20	from the amount made available under sub-
21	section (a)(11), to each of the 50 States and the
22	District of Columbia 110 percent of the highest
23	of the following amounts for such State or Dis-
24	trict:

1	"(i) The total Federal payments to the
2	State under this title for fiscal year 2007,
3	multiplied by the allotment increase factor
4	determined under paragraph (5) for fiscal
5	year 2008.
6	"(ii) The Federal share of the amount
7	allotted to the State for fiscal year 2007
8	under subsection (b), multiplied by the al-
9	lotment increase factor determined under
10	paragraph (5) for fiscal year 2008.
11	"(iii) Only in the case of—
12	"(I) a State that received a pay-
13	ment, redistribution, or allotment
14	under any of paragraph (1), (2), or (4)
15	of subsection (h), the amount of the
16	projected total Federal payments to the
17	State under this title for fiscal year
18	2007, as determined on the basis of the
19	November 2006 estimates certified by
20	the State to the Secretary;
21	"(II) a State whose projected total
22	Federal payments to the State under
23	this title for fiscal year 2007, as deter-
24	mined on the basis of the May 2006 es-
25	timates certified by the State to the

Secretary, were at least \$95,000,000 but not more than \$96,000,000 higher than the projected total Federal pay-ments to the State under this title for fiscal year 2007 on the basis of the No-vember 2006 estimates, the amount of the projected total Federal payments to the State under this title for fiscal year 2007 on the basis of the May 2006 esti-mates: or

"(III) a State whose projected total Federal payments under this title for fiscal year 2007, as determined on the basis of the November 2006 estimates certified by the State to the Secretary, exceeded all amounts available to the State for expenditure for fiscal year 2007 (including any amounts paid, allotted, or redistributed to the State in prior fiscal years), the amount of the projected total Federal payments to the State under this title for fiscal year 2007, as determined on the basis of the November 2006 esti-

1	mates certified by the State to the Sec-
2	retary,
3	multiplied by the allotment increase factor
4	determined under paragraph (5) for fiscal
5	year 2008.
6	"(iv) The projected total Federal pay-
7	ments to the State under this title for fiscal
8	year 2008, as determined on the basis of the
9	August 2007 projections certified by the
10	State to the Secretary by not later than
11	September 30, 2007.
12	"(B) For the commonwealths and ter-
13	RITORIES.—Subject to the succeeding provisions
14	of this paragraph and paragraph (4), the Sec-
15	retary shall allot for fiscal year 2008 from the
16	amount made available under subsection (a)(11)
17	to each of the commonwealths and territories de-
18	scribed in subsection $(c)(3)$ an amount equal to
19	the highest amount of Federal payments to the
20	commonwealth or territory under this title for
21	any fiscal year occurring during the period of
22	fiscal years 1998 through 2007, multiplied by the
23	allotment increase factor determined under para-
24	graph (5) for fiscal year 2008, except that sub-

paragraph (B) thereof shall be applied by substituting 'the United States' for 'the State'.

"(C) Deadline and data for determining fiscal year 2008 allotments.—In computing the amounts under subparagraphs (A) and (B) that determine the allotments to States for fiscal year 2008, the Secretary shall use the most recent data available to the Secretary before the start of that fiscal year. The Secretary may adjust such amounts and allotments, as necessary, on the basis of the expenditure data for the prior year reported by States on CMS Form 64 or CMS Form 21 not later than November 30, 2007, but in no case shall the Secretary adjust the allotments provided under subparagraph (A) or (B) for fiscal year 2008 after December 31, 2007.

"(D) ADJUSTMENT FOR QUALIFYING STATES.—In the case of a qualifying State described in paragraph (2) of section 2105(g), the Secretary shall permit the State to submit revised projection described in subparagraph (A)(iv) in order to take into account changes in such projections attributable to the application of paragraph (4) of such section.

1	"(2) For fiscal years 2009 through 2011.—
2	"(A) In general.—Subject to paragraphs
3	(4) and (6), from the amount made available
4	under paragraphs (12) through (14) of subsection
5	(a) for each of fiscal years 2009 through 2011,
6	respectively, the Secretary shall compute a State
7	allotment for each State (including the District
8	of Columbia and each commonwealth and terri-
9	tory) for each such fiscal year as follows:
10	"(i) Growth factor update for
11	FISCAL YEAR 2009.—For fiscal year 2009,
12	the allotment of the State is equal to the
13	sum of—
14	"(I) the amount of the State allot-
15	ment under paragraph (1) for fiscal
16	year 2008; and
17	"(II) the amount of any payments
18	made to the State under subsection (j)
19	for fiscal year 2008,
20	multiplied by the allotment increase factor
21	under paragraph (5) for fiscal year 2009.
22	"(ii) Rebasing in fiscal year
23	2010.—For fiscal year 2010, the allotment of
24	a State is equal to the Federal payments to
25	the State that are attributable to (and

1	countable towards) the total amount of al-
2	lotments available under this section to the
3	State in fiscal year 2009 (including pay-
4	ments made to the State under subsection
5	(j) for fiscal year 2009 as well as amounts
6	redistributed to the State in fiscal year
7	2009) multiplied by the allotment increase
8	factor under paragraph (5) for fiscal year
9	2010.
10	"(iii) Growth factor update for
11	FISCAL YEAR 2011.—For fiscal year 2011,
12	the allotment of the State is equal to the
13	sum of—
14	"(I) the amount of the State allot-
15	ment under clause (ii) for fiscal year
16	2010; and
17	"(II) the amount of any payments
18	made to the State under subsection (j)
19	for fiscal year 2010,
20	multiplied by the allotment increase factor
21	under paragraph (5) for fiscal year 2011.
22	"(3) For fiscal year 2012.—
23	"(A) First half.—Subject to paragraphs
24	(4) and (6), from the amount made available
25	under subparagraph (A) of paragraph (15) of

subsection (a) for the semi-annual period described in such paragraph, increased by the amount of the appropriation for such period under section 108 of the Children's Health Insurance Program Reauthorization Act of 2007, the Secretary shall compute a State allotment for each State (including the District of Columbia and each commonwealth and territory) for such semi-annual period in an amount equal to the first half ratio (described in subparagraph (D)) of the amount described in subparagraph (C).

"(B) SECOND HALF.—Subject to paragraphs (4) and (6), from the amount made available under subparagraph (B) of paragraph (15) of subsection (a) for the semi-annual period described in such paragraph, the Secretary shall compute a State allotment for each State (including the District of Columbia and each commonwealth and territory) for such semi-annual period in an amount equal to the amount made available under such subparagraph multiplied by the ratio of—

"(i) the amount of the allotment to such State under subparagraph (A); to

1	"(ii) the total of the amount of all of
2	the allotments made available under such
3	subparagraph.
4	"(C) FULL YEAR AMOUNT BASED ON
5	REBASED AMOUNT.—The amount described in
6	this subparagraph for a State is equal to the
7	Federal payments to the State that are attrib-
8	utable to (and countable towards) the total
9	amount of allotments available under this section
10	to the State in fiscal year 2011 (including pay-
11	ments made to the State under subsection (j) for
12	fiscal year 2011 as well as amounts redistributed
13	to the State in fiscal year 2011) multiplied by
14	the allotment increase factor under paragraph
15	(5) for fiscal year 2012.
16	"(D) FIRST HALF RATIO.—The first half
17	ratio described in this subparagraph is the ratio
18	of—
19	"(i) the sum of—
20	"(I) the amount made available
21	under subsection $(a)(15)(A)$; and
22	"(II) the amount of the appro-
23	priation for such period under section
24	108 of the Children's Health Insurance

1	Program Reauthorization Act of 2007;
2	to
3	"(ii) the sum of the—
4	"(I) amount described in clause
5	(i); and
6	"(II) the amount made available
7	$under\ subsection\ (a)(15)(B).$
8	"(4) Proration rule.—If, after the application
9	of this subsection without regard to this paragraph,
10	the sum of the allotments determined under para-
11	graph (1), (2), or (3) for a fiscal year (or, in the case
12	of fiscal year 2012, for a semi-annual period in such
13	fiscal year) exceeds the amount available under sub-
14	section (a) for such fiscal year or period, the Sec-
15	retary shall reduce each allotment for any State
16	under such paragraph for such fiscal year or period
17	on a proportional basis.
18	"(5) Allotment increase factor.—The allot-
19	ment increase factor under this paragraph for a fiscal
20	year is equal to the product of the following:
21	"(A) PER CAPITA HEALTH CARE GROWTH
22	FACTOR.—1 plus the percentage increase in the
23	projected per capita amount of National Health
24	Expenditures from the calendar year in which
25	the previous fiscal year ends to the calendar year

1	in which the fiscal year involved ends, as most
2	recently published by the Secretary before the be-
3	ginning of the fiscal year.
4	"(B) CHILD POPULATION GROWTH FAC-
5	TOR.—1 plus the percentage increase (if any) in
6	the population of children in the State from July
7	1 in the previous fiscal year to July 1 in the fis-
8	cal year involved, as determined by the Secretary
9	based on the most recent published estimates of
10	the Bureau of the Census before the beginning of
11	the fiscal year involved, plus 1 percentage point.
12	"(6) Increase in allotment to account for
13	APPROVED PROGRAM EXPANSIONS.—In the case of one
14	of the 50 States or the District of Columbia that—
15	"(A) has submitted to the Secretary, and
16	has approved by the Secretary, a State plan
17	amendment or waiver request relating to an ex-
18	pansion of eligibility for children or benefits
19	under this title that becomes effective for a fiscal
20	year (beginning with fiscal year 2009 and end-
21	ing with fiscal year 2012); and
22	"(B) has submitted to the Secretary, before
23	the August 31 preceding the beginning of the fis-
24	cal year, a request for an expansion allotment

1	adjustment under this paragraph for such fiscal
2	year that specifies—
3	"(i) the additional expenditures that
4	are attributable to the eligibility or benefit
5	expansion provided under the amendment
6	or waiver described in subparagraph (A), as
7	certified by the State and submitted to the
8	Secretary by not later than August 31 pre-
9	ceding the beginning of the fiscal year; and
10	"(ii) the extent to which such addi-
11	tional expenditures are projected to exceed
12	the allotment of the State or District for the
13	year,
14	subject to paragraph (4), the amount of the allotment
15	of the State or District under this subsection for such
16	fiscal year shall be increased by the excess amount de-
17	scribed in subparagraph (B)(i). A State or District
18	may only obtain an increase under this paragraph
19	for an allotment for fiscal year 2009 or fiscal year
20	2011.
21	"(7) Availability of amounts for semi-an-
22	Nual periods in fiscal year 2012.—Each semi-an-
23	nual allotment made under paragraph (3) for a pe-
24	riod in fiscal year 2012 shall remain available for ex-
25	penditure under this title for periods after the end of

1	such fiscal year in the same manner as if the allot-
2	ment had been made available for the entire fiscal
3	year.".
4	SEC. 103. CHILD ENROLLMENT CONTINGENCY FUND.
5	Section 2104 (42 U.S.C. 1397dd), as amended by sec-
6	tion 102, is amended by adding at the end the following
7	new subsection:
8	"(j) Child Enrollment Contingency Fund.—
9	"(1) Establishment.—There is hereby estab-
10	lished in the Treasury of the United States a fund
11	which shall be known as the 'Child Enrollment Con-
12	tingency Fund' (in this subsection referred to as the
13	'Fund'). Amounts in the Fund shall be available
14	without further appropriations for payments under
15	this subsection.
16	"(2) Deposits into fund.—
17	"(A) Initial and subsequent appropria-
18	TIONS.—Subject to subparagraphs (B) and (D),
19	out of any money in the Treasury of the United
20	States not otherwise appropriated, there are ap-
21	propriated to the Fund—
22	"(i) for fiscal year 2008, an amount
23	equal to 20 percent of the amount made
24	available under paragraph (11) of sub-
25	section (a) for the fiscal year: and

1	"(ii) for each of fiscal years 2009
2	through 2011 (and for each of the semi-an-
3	nual allotment periods for fiscal year 2012)
4	, such sums as are necessary for making
5	payments to eligible States for such fiscal
6	year or period, but not in excess of the ag-
7	gregate cap described in subparagraph (B).
8	"(B) AGGREGATE CAP.—The total amount
9	available for payment from the Fund for each of
10	fiscal years 2009 through 2011 (and for each of
11	the semi-annual allotment periods for fiscal year
12	2012), taking into account deposits made under
13	subparagraph (C), shall not exceed 20 percent of
14	the amount made available under subsection (a)
15	for the fiscal year or period.
16	"(C) Investment of fund.—The Secretary
17	of the Treasury shall invest, in interest bearing
18	securities of the United States, such currently
19	available portions of the Fund as are not imme-
20	diately required for payments from the Fund.
21	The income derived from these investments con-
22	stitutes a part of the Fund.
23	"(D) Availability of excess funds for
24	PERFORMANCE BONUSES.—Any amounts in ex-
25	cess of the aggregate cap described in subpara-

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graph (B) for a fiscal year or period shall be made available for purposes of carrying out section 2105(a)(3) for any succeeding fiscal year and the Secretary of the Treasury shall reduce the amount in the Fund by the amount so made available.

"(3) Child enrollment contingency fund payments.—

"(A) In General.—If a State's expenditures under this title in fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2011, or a semi-annual allotment period for fiscal year 2012, exceed the total amount of allotments available under this section to the State in the fiscal year or period (determined without regard to any redistribution it receives under subsection (f) that is available for expenditure during such fiscal year or period, but including any carryover from a previous fiscal year) and if the average monthly unduplicated number of children enrolled under the State plan under this title (including children receiving health care coverage through funds under this title pursuant to a waiver under section 1115) during such fiscal year or period exceeds its target average number

1	of such enrollees (as determined under subpara-
2	graph (B)) for that fiscal year or period, subject
3	to subparagraph (D), the Secretary shall pay to
4	the State from the Fund an amount equal to the
5	product of—
6	"(i) the amount by which such average
7	monthly caseload exceeds such target num-
8	ber of enrollees; and
9	"(ii) the projected per capita expendi-
10	tures under the State child health plan (as
11	determined under subparagraph (C) for the
12	fiscal year), multiplied by the enhanced
13	FMAP (as defined in section 2105(b)) for
14	the State and fiscal year involved (or in
15	which the period occurs).
16	"(B) Target average number of child
17	enrollees.—In this paragraph, the target av-
18	erage number of child enrollees for a State—
19	"(i) for fiscal year 2008 is equal to the
20	monthly average unduplicated number of
21	children enrolled in the State child health
22	plan under this title (including such chil-
23	dren receiving health care coverage through
24	funds under this title pursuant to a waiver
25	under section 1115) during fiscal year 2007

1	increased by the population growth for chil-
2	dren in that State for the year ending on
3	June 30, 2006 (as estimated by the Bureau
4	of the Census) plus 1 percentage point; or
5	"(ii) for a subsequent fiscal year (or
6	semi-annual period occurring in a fiscal
7	year) is equal to the target average number
8	of child enrollees for the State for the pre-
9	vious fiscal year increased by the child pop-
10	ulation growth factor described in sub-
11	section (i)(5)(B) for the State for the prior
12	fiscal year.
13	"(C) Projected per capita expendi-
14	Tures.—For purposes of subparagraph (A)(ii),
15	the projected per capita expenditures under a
16	State child health plan—
17	"(i) for fiscal year 2008 is equal to the
18	average per capita expenditures (including
19	both State and Federal financial participa-
20	tion) under such plan for the targeted low-
21	income children counted in the average
22	monthly caseload for purposes of this para-
23	graph during fiscal year 2007, increased by
24	the annual percentage increase in the pro-
25	jected per capita amount of National

1	Health Expenditures (as estimated by the
2	Secretary) for 2008; or
3	"(ii) for a subsequent fiscal year (or
4	semi-annual period occurring in a fiscal
5	year) is equal to the projected per capita ex-
6	penditures under such plan for the previous
7	fiscal year (as determined under clause (i)
8	or this clause) increased by the annual per-
9	centage increase in the projected per capita
10	amount of National Health Expenditures
11	(as estimated by the Secretary) for the year
12	in which such subsequent fiscal year ends.
13	"(D) Proration rule.—If the amounts
14	available for payment from the Fund for a fiscal
15	year or period are less than the total amount of
16	payments determined under subparagraph (A)
17	for the fiscal year or period, the amount to be
18	paid under such subparagraph to each eligible
19	State shall be reduced proportionally.
20	"(E) Timely payment; reconciliation.—
21	Payment under this paragraph for a fiscal year
22	or period shall be made before the end of the fis-
23	cal year or period based upon the most recent
24	data for expenditures and enrollment and the

provisions of subsection (e) of section 2105 shall

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apply to payments under this subsection in the same manner as they apply to payments under such section.

"(F) CONTINUED REPORTING.—For purposes of this paragraph and subsection (f), the State shall submit to the Secretary the State's projected Federal expenditures, even if the amount of such expenditures exceeds the total amount of allotments available to the State in such fiscal year or period.

"(G) APPLICATION TO COMMONWEALTHS
AND TERRITORIES.—No payment shall be made
under this paragraph to a commonwealth or territory described in subsection (c)(3) until such
time as the Secretary determines that there are
in effect methods, satisfactory to the Secretary,
for the collection and reporting of reliable data
regarding the enrollment of children described in
subparagraphs (A) and (B) in order to accurately determine the commonwealth's or territory's eligibility for, and amount of payment,
under this paragraph.".

1	SEC. 104. CHIP PERFORMANCE BONUS PAYMENT TO OFFSET
2	ADDITIONAL ENROLLMENT COSTS RESULT-
3	ING FROM ENROLLMENT AND RETENTION EF-
4	FORTS.
5	Section 2105(a) (42 U.S.C. 1397ee(a)) is amended by
6	adding at the end the following new paragraphs:
7	"(3) Performance bonus payment to offset
8	ADDITIONAL MEDICAID AND CHIP CHILD ENROLLMENT
9	COSTS RESULTING FROM ENROLLMENT AND RETEN-
10	TION EFFORTS.—
11	"(A) In general.—In addition to the pay-
12	ments made under paragraph (1), for each fiscal
13	year (beginning with fiscal year 2008 and end-
14	ing with fiscal year 2012) the Secretary shall
15	pay from amounts made available under sub-
16	paragraph (E), to each State that meets the con-
17	dition under paragraph (4) for the fiscal year,
18	an amount equal to the amount described in sub-
19	paragraph (B) for the State and fiscal year. The
20	payment under this paragraph shall be made, to
21	a State for a fiscal year, as a single payment not
22	later than the last day of the first calendar quar-
23	ter of the following fiscal year.
24	"(B) Amount.—Subject to subparagraph
25	(E), the amount described in this subparagraph

1	for a State for a fiscal year is equal to the sum
2	of the following amounts:
3	"(i) For above baseline medicaid
4	CHILD ENROLLMENT COSTS.—
5	"(I) First tier above baseline
6	MEDICAID ENROLLEES.—An amount
7	equal to the number of first tier above
8	baseline child enrollees (as determined
9	$under\ subparagraph\ (C)(i))\ under\ title$
10	XIX for the State and fiscal year mul-
11	tiplied by 15 percent of the projected
12	per capita State Medicaid expenditures
13	(as determined under subparagraph
14	(D)(i)) for the State and fiscal year
15	under title XIX.
16	"(II) SECOND TIER ABOVE BASE-
17	LINE MEDICAID ENROLLEES.—An
18	amount equal to the number of second
19	tier above baseline child enrollees (as
20	determined under subparagraph
21	(C)(ii)) under title XIX for the State
22	and fiscal year multiplied by 60 per-
23	cent of the projected per capita State
24	Medicaid expenditures (as determined

1	under subparagraph $(D)(i)$ for the
2	State and fiscal year under title XIX.
3	"(ii) For above baseline chip en-
4	ROLLMENT COSTS.—
5	"(I) First tier above baseline
6	CHIP ENROLLEES.—An amount equal
7	to the number of first tier above base-
8	line child enrollees under this title (as
9	$determined\ under\ subparagraph\ (C)(i))$
10	for the State and fiscal year multiplied
11	by 10 percent of the projected per cap-
12	ita State CHIP expenditures (as deter-
13	$mined\ under\ subparagraph\ (D)(ii))\ for$
14	the State and fiscal year under this
15	title.
16	"(II) SECOND TIER ABOVE BASE-
17	line chip enrollees.—An amount
18	equal to the number of second tier
19	above baseline child enrollees under
20	this title (as determined under sub-
21	paragraph (C)(ii)) for the State and
22	fiscal year multiplied by 40 percent of
23	the projected per capita State CHIP
24	expenditures (as determined under sub-

1	paragraph (D)(ii)) for the State and
2	fiscal year under this title.
3	"(C) Number of first and second tier
4	ABOVE BASELINE CHILD ENROLLEES; BASELINE
5	NUMBER OF CHILD ENROLLEES.—For purposes
6	of this paragraph:
7	"(i) First tier above baseline
8	CHILD ENROLLEES.—The number of first
9	tier above baseline child enrollees for a
10	State for a fiscal year under this title or
11	title XIX is equal to the number (if any, as
12	determined by the Secretary) by which—
13	``(I) the monthly average
14	unduplicated number of qualifying
15	children (as defined in subparagraph
16	(F)) enrolled during the fiscal year
17	under the State child health plan
18	under this title or under the State plan
19	under title XIX, respectively; exceeds
20	"(II) the baseline number of en-
21	rollees described in clause (iii) for the
22	State and fiscal year under this title or
23	title XIX, respectively;
24	but not to exceed 3 percent (in the case of
25	title XIX) or 7.5 percent (in the case of this

1	title) of the baseline number of enrollees de-
2	scribed in subclause (II).
3	"(ii) Second tier above baseline
4	CHILD ENROLLEES.—The number of second
5	tier above baseline child enrollees for a
6	State for a fiscal year under this title or
7	title XIX is equal to the number (if any, as
8	determined by the Secretary) by which—
9	"(I) the monthly average
10	unduplicated number of qualifying
11	children (as defined in subparagraph
12	(F)) enrolled during the fiscal year
13	under this title or under title XIX, re-
14	$spectively, \ as \ described \ in \ clause \ (i)(I);$
15	exceeds
16	"(II) the sum of the baseline num-
17	ber of child enrollees described in
18	clause (iii) for the State and fiscal
19	year under this title or title XIX, re-
20	spectively, as described in clause
21	(i)(II), and the maximum number of
22	first tier above baseline child enrollees
23	for the State and fiscal year under this
24	title or title XIX, respectively, as deter-
25	mined under clause (i).

1	"(iii) Baseline number of child
2	Enrollees.—Subject to subparagraph (H),
3	the baseline number of child enrollees for a
4	State under this title or title XIX—
5	"(I) for fiscal year 2008 is equal
6	to the monthly average unduplicated
7	number of qualifying children enrolled
8	in the State child health plan under
9	this title or in the State plan under
10	title XIX, respectively, during fiscal
11	year 2007 increased by the population
12	growth for children in that State for
13	the year ending on June 30, 2006 (as
14	estimated by the Bureau of the Census)
15	plus 1 percentage point; or
16	"(II) for a subsequent fiscal year
17	is equal to the baseline number of child
18	enrollees for the State for the previous
19	fiscal year under this title or title XIX,
20	respectively, increased by the popu-
21	lation growth for children in that State
22	for the year ending on June 30 before
23	the beginning of the fiscal year (as es-
24	timated by the Bureau of the Census)
25	plus 1 percentage point.

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"(D) Projected per capita state expenditures.—For purposes of subparagraph (B)—

4 "(i) Projected per capita state 5 MEDICAID EXPENDITURES.—The projected 6 per capita State Medicaid expenditures for 7 a State and fiscal year under title XIX is 8 equal to the average per capita expenditures 9 (including both State and Federal financial 10 participation) for children under the State 11 plan under such title, including under 12 waivers but not including such children eli-13 gible for assistance by virtue of the receipt 14 of benefits under title XVI, for the most re-15 cent fiscal year for which actual data are 16 available (as determined by the Secretary), 17 increased (for each subsequent fiscal year up 18 to and including the fiscal year involved) 19 by the annual percentage increase in per 20 capita amount of National Health Expendi-21 tures (as estimated by the Secretary) for the 22 calendar year in which the respective subse-23 quent fiscal year ends and multiplied by a 24 State matching percentage equal to 100 per-25 cent minus the Federal medical assistance

percentage (as defined in section 1905(b))
 for the fiscal year involved.

"(ii) Projected per capita state CHIP EXPENDITURES.—The projected per capita State CHIP expenditures for a State and fiscal year under this title is equal to the average per capita expenditures (including both State and Federal financial participation) for children under the State child health plan under this title, including under waivers, for the most recent fiscal year for which actual data are available (as determined by the Secretary), increased (for each subsequent fiscal year up to and including the fiscal year involved) by the annual percentage increase in per capita amount of National Health Expenditures (as estimated by the Secretary) for the calendar year in which the respective subsequent fiscal year ends and multiplied by a State matching percentage equal to 100 percent minus the enhanced FMAP (as defined in section 2105(b)) for the fiscal year involved.

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1	"(E) Amounts available for pay-
2	MENTS.—
3	"(i) Initial appropriation.—Out of
4	any money in the Treasury not otherwise
5	appropriated, there are appropriated
6	\$3,000,000,000 for fiscal year 2008 for mak-
7	ing payments under this paragraph, to be
8	available until expended.
9	``(ii) TRANSFERS.—Notwith standing
10	any other provision of this title, the fol-
11	lowing amounts shall also be available,
12	without fiscal year limitation, for making
13	payments under this paragraph:
14	"(I) Unobligated national al-
15	LOTMENT.—
16	"(aa) FISCAL YEARS 2008
17	THROUGH 2011.—As of December
18	31 of fiscal year 2008, and as of
19	December 31 of each succeeding
20	fiscal year through fiscal year
21	2011, the portion, if any, of the
22	amount appropriated under sub-
23	section (a) for such fiscal year
24	that is unobligated for allotment
25	to a State under subsection (i) for

1	such fiscal year or set aside under
2	subsection $(a)(3)$ or $(b)(2)$ of sec-
3	tion 2111 for such fiscal year.
4	"(bb) First half of fiscal
5	YEAR 2012.—As of December 31 of
6	fiscal year 2012, the portion, if
7	any, of the sum of the amounts
8	appropriated under subsection
9	(a)(15)(A) and under section 108
10	of the Children's Health Insurance
11	Reauthorization Act of 2007 for
12	the period beginning on October 1,
13	2011, and ending on March 31,
14	2012, that is unobligated for allot-
15	ment to a State under subsection
16	(i) for such fiscal year or set aside
17	under subsection $(b)(2)$ of section
18	2111 for such fiscal year.
19	"(cc) Second Half of fis-
20	CAL YEAR 2012.—As of June 30 of
21	fiscal year 2012, the portion, if
22	any, of the amount appropriated
23	$under \ subsection \ (a)(15)(B) \ for$
24	the period beginning on April 1,
25	2012, and ending on September

1	30, 2012, that is unobligated for
2	allotment to a State under sub-
3	section (i) for such fiscal year or
4	set aside under subsection (b)(2)
5	of section 2111 for such fiscal
6	year.
7	"(II) Unexpended allotments
8	NOT USED FOR REDISTRIBUTION.—As
9	of November 15 of each of fiscal years
10	2009 through 2012, the total amount of
11	allotments made to States under sec-
12	tion 2104 for the second preceding fis-
13	cal year (third preceding fiscal year in
14	the case of the fiscal year 2006 and
15	2007 allotments) that is not expended
16	or redistributed under section 2104(f)
17	during the period in which such allot-
18	ments are available for obligation.
19	"(III) Excess child enroll-
20	MENT CONTINGENCY FUNDS.—As of Oc-
21	tober 1 of each of fiscal years 2009
22	through 2012, any amount in excess of
23	the aggregate cap applicable to the
24	Child Enrollment Contingency Fund

1	for the fiscal year under section
2	2104(j).
3	"(IV) Unexpended transi-
4	TIONAL COVERAGE BLOCK GRANT FOR
5	NONPREGNANT CHILDLESS ADULTS.—
6	As of October 1, 2009, any amounts set
7	aside under section 2111(a)(3) that are
8	not expended by September 30, 2009.
9	"(iii) Proportional reduction.—If
10	the sum of the amounts otherwise payable
11	under this paragraph for a fiscal year ex-
12	ceeds the amount available for the fiscal
13	year under this subparagraph, the amount
14	to be paid under this paragraph to each
15	State shall be reduced proportionally.
16	"(F) Qualifying children defined.—
17	For purposes of this subsection, the term 'quali-
18	fying children' means, with respect to this title
19	or title XIX, children who meet the eligibility
20	criteria (including income, categorical eligibility,
21	age, and immigration status criteria) in effect as
22	of July 1, 2007, for enrollment under this title
23	or title XIX, respectively, taking into account
24	criteria applied as of such date under this title

1	or title XIX, respectively, pursuant to a waiver
2	under section 1115.
3	"(G) Application to commonwealths
4	AND TERRITORIES.—The provisions of subpara-
5	$graph \ (H) \ of \ section \ 2104(j)(3) \ shall \ apply \ with$
6	respect to payments under this paragraph in the
7	same manner as such provisions apply to pay-
8	ment under such section.
9	"(H) Application to states that imple-
10	MENT A MEDICAID EXPANSION FOR CHILDREN
11	AFTER FISCAL YEAR 2007.—In the case of a State
12	that provides coverage under paragraph (1) or
13	(2) of section 115(b) of the Children's Health In-
14	surance Program Reauthorization Act of 2007
15	for any fiscal year after fiscal year 2007—
16	"(i) any child enrolled in the State
17	plan under title XIX through the applica-
18	tion of such an election shall be disregarded
19	from the determination for the State of the
20	monthly average unduplicated number of
21	qualifying children enrolled in such plan
22	during the first 3 fiscal years in which such
23	an election is in effect; and
24	"(ii) in determining the baseline num-
25	ber of child enrollees for the State for any

1 fiscal year subsequent to such first 3 fiscal 2 years, the baseline number of child enrollees 3 for the State under this title or title XIX for 4 the third of such fiscal years shall be the monthly average unduplicated number of 5 6 qualifying children enrolled in the State 7 child health plan under this title or in the 8 State plan under title XIX, respectively, for 9 such third fiscal year. 10 "(4) Enrollment and retention provisions 11 FOR CHILDREN.—For purposes of paragraph (3)(A), 12 a State meets the condition of this paragraph for a 13 fiscal year if it is implementing at least 4 of the fol-14 lowing enrollment and retention provisions (treating 15 each subparagraph as a separate enrollment and re-16 tention provision) throughout the entire fiscal year: 17 "(A) Continuous eligibility.—The State 18 has elected the option of continuous eligibility for 19 a full 12 months for all children described in sec-20 tion 1902(e)(12) under title XIX under 19 years 21 of age, as well as applying such policy under its

> "(B) LIBERALIZATION OF ASSET REQUIRE-MENTS.—The State meets the requirement specified in either of the following clauses:

State child health plan under this title.

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1	"(i) Elimination of asset test.—
2	The State does not apply any asset or re-
3	source test for eligibility for children under
4	title XIX or this title.
5	"(ii) Administrative verification
6	OF ASSETS.—The State—
7	"(I) permits a parent or caretaker
8	relative who is applying on behalf of a
9	child for medical assistance under title
10	XIX or child health assistance under
11	this title to declare and certify by sig-
12	nature under penalty of perjury infor-
13	mation relating to family assets for
14	purposes of determining and redeter-
15	mining financial eligibility; and
16	"(II) takes steps to verify assets
17	through means other than by requiring
18	documentation from parents and ap-
19	plicants except in individual cases of
20	discrepancies or where otherwise justi-
21	fied.
22	"(C) Elimination of in-person inter-
23	VIEW REQUIREMENT.—The State does not require
24	an application of a child for medical assistance
25	under title XIX (or for child health assistance

under this title), including an application for renewal of such assistance, to be made in person nor does the State require a face-to-face interview, unless there are discrepancies or individual circumstances justifying an in-person application or face-to-face interview.

"(D) USE OF JOINT APPLICATION FOR MED-ICAID AND CHIP.—The application form and supplemental forms (if any) and information verification process is the same for purposes of establishing and renewing eligibility for children for medical assistance under title XIX and child health assistance under this title.

"(E) Automatic renewal (use of administrative renewal).—

"(i) In General.—The State provides, in the case of renewal of a child's eligibility for medical assistance under title XIX or child health assistance under this title, a pre-printed form completed by the State based on the information available to the State and notice to the parent or caretaker relative of the child that eligibility of the child will be renewed and continued based on such information unless the State is pro-

1	vided other information. Nothing in this
2	clause shall be construed as preventing a
3	State from verifying, through electronic and
4	other means, the information so provided.
5	"(ii) Satisfaction through dem-
6	ONSTRATED USE OF EX PARTE PROCESS.—
7	A State shall be treated as satisfying the re-
8	quirement of clause (i) if renewal of eligi-
9	bility of children under title XIX or this
10	title is determined without any requirement
11	for an in-person interview, unless sufficient
12	information is not in the State's possession
13	and cannot be acquired from other sources
14	(including other State agencies) without the
15	participation of the applicant or the appli-
16	cant's parent or caretaker relative.
17	"(F) Presumptive eligibility for chil-
18	DREN.—The State is implementing section
19	1920A under title XIX as well as, pursuant to
20	section $2107(e)(1)$, under this title.
21	"(G) Express lane.—The State is imple-
22	menting the option described in section
23	1902(e)(13) under title XIX as well as, pursuant
24	to section 2107(e)(1), under this title.".

1	SEC. 105. 2-YEAR INITIAL AVAILABILITY OF CHIP ALLOT-
2	MENTS.
3	Section 2104(e) (42 U.S.C. 1397dd(e)) is amended to
4	read as follows:
5	"(e) Availability of Amounts Allotted.—
6	"(1) In general.—Except as provided in para-
7	graph (2), amounts allotted to a State pursuant to
8	this section—
9	"(A) for each of fiscal years 1998 through
10	2007, shall remain available for expenditure by
11	the State through the end of the second suc-
12	ceeding fiscal year; and
13	"(B) for fiscal year 2008 and each fiscal
14	year thereafter, shall remain available for ex-
15	penditure by the State through the end of the
16	succeeding fiscal year.
17	"(2) Availability of amounts redistrib-
18	UTED.—Amounts redistributed to a State under sub-
19	section (f) shall be available for expenditure by the
20	State through the end of the fiscal year in which they
21	are redistributed.".
22	SEC. 106. REDISTRIBUTION OF UNUSED ALLOTMENTS TO
23	ADDRESS STATE FUNDING SHORTFALLS.
24	(a) Fiscal Year 2005 Allotments.—
25	(1) In General.—Notwithstanding section
26	2104(f) of the Social Security Act (42 U.S.C.

- 1 1397dd(f)), subject to paragraph (2), with respect to 2 fiscal year 2008, the Secretary shall provide for a re-3 distribution under such section from the allotments 4 for fiscal year 2005 under subsections (b) and (c) of 5 such section that are not expended by the end of fiscal 6 year 2007, to each State described in clause (iii) of 7 section 2104(i)(1)(A) of the Social Security Act, as 8 added by section 102, of an amount that bears the 9 same ratio to such unexpended fiscal year 2005 allot-10 ments as the ratio of the fiscal year 2007 allotment 11 determined for each such State under subsection (b) 12 of section 2104 of such Act for fiscal year 2007 (with-13 out regard to any amounts paid, allotted, or redis-14 tributed to the State under section 2104 for any pre-15 ceding fiscal year) bears to the total amount of the 16 fiscal year 2007 allotments for all such States (as so 17 determined).
- 18 (2) Contingency.—Paragraph (1) shall not 19 apply if the redistribution described in such para-20 graph has occurred as of the date of the enactment of 21 this Act.
- (b) Allotments for Subsequent Fiscal Years.—
 Section 2104(f) (42 U.S.C. 1397dd(f)) is amended—
- 24 (1) by striking "The Secretary" and inserting 25 the following:

1	"(1) In general.—The Secretary";
2	(2) by striking "States that have fully expended
3	the amount of their allotments under this section."
4	and inserting "States that the Secretary determines
5	with respect to the fiscal year for which unused allot-
6	ments are available for redistribution under this sub-
7	section, are shortfall States described in paragraph
8	(2) for such fiscal year, but not to exceed the amount
9	of the shortfall described in paragraph $(2)(A)$ for each
10	such State (as may be adjusted under paragraph
11	(2)(C))."; and
12	(3) by adding at the end the following new para-
13	graph:
14	"(2) Shortfall states described.—
15	"(A) In general.—For purposes of para-
16	graph (1), with respect to a fiscal year, a short-
17	fall State described in this subparagraph is a
18	State with a State child health plan approved
19	under this title for which the Secretary estimates
20	on the basis of the most recent data available to
21	the Secretary, that the projected expenditures
22	under such plan for the State for the fiscal year
23	will exceed the sum of—
24	"(i) the amount of the State's allot-
25	ments for any preceding fiscal years that

1	remains available for expenditure and that
2	will not be expended by the end of the im-
3	mediately preceding fiscal year;
4	"(ii) the amount (if any) of the child
5	enrollment contingency fund payment under
6	subsection (j); and
7	"(iii) the amount of the State's allot-
8	ment for the fiscal year.
9	"(B) Proration rule.—If the amounts
10	available for redistribution under paragraph (1)
11	for a fiscal year are less than the total amounts
12	of the estimated shortfalls determined for the
13	year under subparagraph (A), the amount to be
14	redistributed under such paragraph for each
15	shortfall State shall be reduced proportionally.
16	"(C) Retrospective adjustment.—The
17	Secretary may adjust the estimates and deter-
18	minations made under paragraph (1) and this
19	paragraph with respect to a fiscal year as nec-
20	essary on the basis of the amounts reported by
21	States not later than November 30 of the suc-
22	ceeding fiscal year, as approved by the Sec-
23	retary.".

1	SEC. 107. OPTION FOR QUALIFYING STATES TO RECEIVE
2	THE ENHANCED PORTION OF THE CHIP
3	MATCHING RATE FOR MEDICAID COVERAGE
4	OF CERTAIN CHILDREN.
5	Section 2105(g) (42 U.S.C. 1397ee(g)) is amended—
6	(1) in paragraph (1)(A), by inserting "subject to
7	paragraph (4)," after "Notwithstanding any other
8	provision of law,"; and
9	(2) by adding at the end the following new para-
10	graph:
11	"(4) Option for allotments for fiscal
12	YEARS 2008 THROUGH 2012.—
13	"(A) Payment of enhanced portion of
14	MATCHING RATE FOR CERTAIN EXPENDITURES.—
15	In the case of expenditures described in subpara-
16	graph (B), a qualifying State (as defined in
17	paragraph (2)) may elect to be paid from the
18	State's allotment made under section 2104 for
19	any of fiscal years 2008 through 2012 (insofar as
20	the allotment is available to the State under sub-
21	sections (e) and (i) of such section) an amount
22	each quarter equal to the additional amount that
23	would have been paid to the State under title
24	XIX with respect to such expenditures if the en-
25	hanced FMAP (as determined under subsection
26	(b)) had been substituted for the Federal medical

1 assistance percentage (as defined in section 2 1905(b)).

"(B) EXPENDITURES DESCRIBED.—For purposes of subparagraph (A), the expenditures described in this subparagraph are expenditures made after the date of the enactment of this paragraph and during the period in which funds are available to the qualifying State for use under subparagraph (A), for the provision of medical assistance to individuals residing in the State who are eligible for medical assistance under the State plan under title XIX or under a waiver of such plan and who have not attained age 19 (or, if a State has so elected under the State plan under title XIX, age 20 or 21), and whose family income equals or exceeds 133 percent of the poverty line but does not exceed the Medicaid applicable income level.".

19 SEC. 108. ONE-TIME APPROPRIATION.

There is appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, \$12,500,000,000 to accompany the allotment made for the period beginning on October 1, 2011, and ending on March 31, 2012, under section 2104(a)(15)(A) of the Social Secutive Act (42 U.S.C. 1397dd(a)(15)(A)) (as added by section

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- 1 101), to remain available until expended. Such amount
- 2 shall be used to provide allotments to States under para-
- 3 graph (3) of section 2104(i) of the Social Security Act (42)
- 4 U.S.C. 1397dd(i)), as added by section 102, for the first
- 5 6 months of fiscal year 2012 in the same manner as allot-
- 6 ments are provided under subsection (a)(15)(A) of such sec-
- 7 tion 2104 and subject to the same terms and conditions as
- 8 apply to the allotments provided from such subsection
- 9 (a)(15)(A).
- 10 SEC. 109. IMPROVING FUNDING FOR THE TERRITORIES
- 11 UNDER CHIP AND MEDICAID.
- 12 (a) Removal of Federal Matching Payments for
- 13 Data Reporting Systems From the Overall Limit on
- 14 Payments to Territories Under Title XIX.—Section
- 15 1108(g) (42 U.S.C. 1308(g)) is amended by adding at the
- 16 end the following new paragraph:
- 17 "(4) Exclusion of certain expenditures
- 18 FROM PAYMENT LIMITS.—With respect to fiscal years
- beginning with fiscal year 2008, if Puerto Rico, the
- 20 Virgin Islands, Guam, the Northern Mariana Islands,
- 21 or American Samoa qualify for a payment under
- subparagraph (A)(i), (B), or (F) of section 1903(a)(3)
- for a calendar quarter of such fiscal year, the pay-
- 24 ment shall not be taken into account in applying sub-
- 25 section (f) (as increased in accordance with para-

1	graphs (1), (2), and (3) of this subsection) to such
2	commonwealth or territory for such fiscal year.".
3	(b) GAO STUDY AND REPORT.—Not later than Sep-
4	tember 30, 2009, the Comptroller General of the United
5	States shall submit a report to the Committee on Finance
6	of the Senate and the Committee on Energy and Commerce
7	of the House of Representatives regarding Federal funding
8	under Medicaid and CHIP for Puerto Rico, the United
9	States Virgin Islands, Guam, American Samoa, and the
10	Northern Mariana Islands. The report shall include the fol-
11	lowing:
12	(1) An analysis of all relevant factors with re-
13	spect to—
14	(A) eligible Medicaid and CHIP popu-
15	lations in such commonwealths and territories;
16	(B) historical and projected spending needs
17	of such commonwealths and territories and the
18	ability of capped funding streams to respond to
19	those spending needs;
20	(C) the extent to which Federal poverty
21	guidelines are used by such commonwealths and
22	territories to determine Medicaid and CHIP eli-
23	gibility; and
24	(D) the extent to which such commonwealths
25	and territories participate in data collection and

1	reporting related to Medicaid and CHIP, includ-
2	ing an analysis of territory participation in the
3	Current Population Survey versus the American
4	Community Survey.
5	(2) Recommendations regarding methods for the
6	collection and reporting of reliable data regarding the
7	enrollment under Medicaid and CHIP of children in
8	such commonwealths and territories
9	(3) Recommendations for improving Federal
10	funding under Medicaid and CHIP for such common-
11	wealths and territories.
12	Subtitle B—Focus on Low-Income
13	Children and Pregnant Women
14	SEC. 111. STATE OPTION TO COVER LOW-INCOME PREG-
15	NANT WOMEN UNDER CHIP THROUGH A
16	STATE PLAN AMENDMENT.
17	(a) In General.—Title XXI (42 U.S.C. 1397aa et
18	seq.), as amended by section 112(a), is amended by adding
19	at the end the following new section:
20	"SEC. 2112. OPTIONAL COVERAGE OF TARGETED LOW-IN-
21	COME PREGNANT WOMEN THROUGH A STATE
22	PLAN AMENDMENT.
23	"(a) In General.—Subject to the succeeding provi-
24	sions of this section, a State may elect through an amend-
25	ment to its State child health plan under section 2102 to

1	provide pregnancy-related assistance under such plan for
2	targeted low-income pregnant women.
3	"(b) Conditions.—A State may only elect the option
4	under subsection (a) if the following conditions are satis-
5	fied:
6	"(1) Minimum income eligibility levels for
7	PREGNANT WOMEN AND CHILDREN.—The State has es-
8	tablished an income eligibility level—
9	"(A) for pregnant women under subsection
10	$(a)(10)(A)(i)(III), \ (a)(10)(A)(i)(IV), \ or \ (l)(1)(A)$
11	of section 1902 that is at least 185 percent (or
12	such higher percent as the State has in effect
13	with regard to pregnant women under this title)
14	of the poverty line applicable to a family of the
15	size involved, but in no case lower than the per-
16	cent in effect under any such subsection as of
17	July 1, 2007; and
18	"(B) for children under 19 years of age
19	under this title (or title XIX) that is at least 200
20	percent of the poverty line applicable to a family
21	of the size involved.
22	"(2) No chip income eligibility level for
23	PREGNANT WOMEN LOWER THAN THE STATE'S MED-
24	ICAID LEVEL.—The State does not apply an effective
25	income level for pregnant women under the State

- 1 plan amendment that is lower than the effective in-2 come level (expressed as a percent of the poverty line 3 and considering applicable income disregards) speci-4 fiedunder subsection (a)(10)(A)(i)(III),(a)(10)(A)(i)(IV), or (l)(1)(A) of section 1902, on the 5 6 date of enactment of this paragraph to be eligible for 7 medical assistance as a pregnant woman.
 - "(3) No coverage for higher income preg-NANT WOMEN WITHOUT COVERING LOWER INCOME PREGNANT WOMEN.—The State does not provide coverage for pregnant women with higher family income without covering pregnant women with a lower family income.
 - "(4) APPLICATION OF REQUIREMENTS FOR COV-ERAGE OF TARGETED LOW-INCOME CHILDREN.—The State provides pregnancy-related assistance for targeted low-income pregnant women in the same manner, and subject to the same requirements, as the State provides child health assistance for targeted low-income children under the State child health plan, and in addition to providing child health assistance for such women.
 - "(5) NO PREEXISTING CONDITION EXCLUSION OR WAITING PERIOD.—The State does not apply any exclusion of benefits for pregnancy-related assistance

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- based on any preexisting condition or any waiting
 period (including any waiting period imposed to
 carry out section 2102(b)(3)(C)) for receipt of such
 assistance.
- 5 "(6) APPLICATION OF COST-SHARING PROTEC-6 TION.—The State provides pregnancy-related assist-7 ance to a targeted low-income woman consistent with 8 the cost-sharing protections under section 2103(e) and 9 applies the limitation on total annual aggregate cost 10 sharing imposed under paragraph (3)(B) of such sec-11 tion to the family of such a woman.
 - "(7) No waiting list for children.—The State does not impose, with respect to the enrollment under the State child health plan of targeted low-income children during the quarter, any enrollment cap or other numerical limitation on enrollment, any waiting list, any procedures designed to delay the consideration of applications for enrollment, or similar limitation with respect to enrollment.
- "(c) Option To Provide Presumptive Eligi-21 Bility.—A State that elects the option under subsection (a) 22 and satisfies the conditions described in subsection (b) may 23 elect to apply section 1920 (relating to presumptive eligi-24 bility for pregnant women) to the State child health plan

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1	in the same manner as such section applies to the State
2	plan under title XIX.
3	$``(d)\ Definitions.$ —For purposes of this section:
4	"(1) Pregnancy-related assistance.—The
5	term 'pregnancy-related assistance' has the meaning
6	given the term 'child health assistance' in section
7	2110(a) and includes any medical assistance that the
8	State would provide for a pregnant woman under the
9	State plan under title XIX during the period de-
10	scribed in paragraph $(2)(A)$.
11	"(2) Targeted low-income pregnant
12	WOMAN.—The term 'targeted low-income pregnant
13	woman' means a woman—
14	"(A) during pregnancy and through the end
15	of the month in which the 60-day period (begin-
16	ning on the last day of her pregnancy) ends;
17	"(B) whose family income exceeds 185 per-
18	cent (or, if higher, the percent applied under sub-
19	section $(b)(1)(A)$) of the poverty line applicable
20	to a family of the size involved, but does not ex-
21	ceed the income eligibility level established under
22	the State child health plan under this title for a
23	targeted low-income child; and
24	"(C) who satisfies the requirements of para-
25	graphs $(1)(A)$, $(1)(C)$, (2) , and (3) of section

- 1 2110(b) in the same manner as a child applying
- 2 for child health assistance would have to satisfy
- 3 such requirements.
- 4 "(e) Automatic Enrollment for Children Born
- 5 to Women Receiving Pregnancy-Related Assist-
- 6 ANCE.—If a child is born to a targeted low-income pregnant
- 7 woman who was receiving pregnancy-related assistance
- 8 under this section on the date of the child's birth, the child
- 9 shall be deemed to have applied for child health assistance
- 10 under the State child health plan and to have been found
- 11 eligible for such assistance under such plan or to have ap-
- 12 plied for medical assistance under title XIX and to have
- 13 been found eligible for such assistance under such title, as
- 14 appropriate, on the date of such birth and to remain eligible
- 15 for such assistance until the child attains 1 year of age.
- 16 During the period in which a child is deemed under the
- 17 preceding sentence to be eligible for child health or medical
- 18 assistance, the child health or medical assistance eligibility
- 19 identification number of the mother shall also serve as the
- 20 identification number of the child, and all claims shall be
- 21 submitted and paid under such number (unless the State
- 22 issues a separate identification number for the child before
- 23 such period expires).
- 24 "(f) States Providing Assistance Through
- 25 Other Options.—

"(1) Continuation of other options for Providing Assistance.—The option to provide assistance in accordance with the preceding subsections of this section shall not limit any other option for a State to provide—

"(A) child health assistance through the application of sections 457.10, 457.350(b)(2), 457.622(c)(5), and 457.626(a)(3) of title 42, Code of Federal Regulations (as in effect after the final rule adopted by the Secretary and set forth at 67 Fed. Reg. 61956–61974 (October 2, 2002)), or

"(B) pregnancy-related services through the application of any waiver authority (as in effect on June 1, 2007).

"(2) CLARIFICATION OF AUTHORITY TO PROVIDE POSTPARTUM SERVICES.—Any State that provides child health assistance under any authority described in paragraph (1) may continue to provide such assistance, as well as postpartum services, through the end of the month in which the 60-day period (beginning on the last day of the pregnancy) ends, in the same manner as such assistance and postpartum services would be provided if provided under the State plan under title XIX, but only if the mother would

1	otherwise satisfy the eligibility requirements that
2	apply under the State child health plan (other than
3	with respect to age) during such period.
4	"(3) No inference.—Nothing in this subsection
5	shall be construed—
6	"(A) to infer congressional intent regarding
7	the legality or illegality of the content of the sec-
8	tions specified in paragraph (1)(A); or
9	"(B) to modify the authority to provide
10	pregnancy-related services under a waiver speci-
11	fied in paragraph $(1)(B)$.".
12	(b) Additional Conforming Amendments.—
13	(1) No cost sharing for pregnancy-related
14	BENEFITS.—Section $2103(e)(2)$ (42 U.S.C.
15	1397cc(e)(2)) is amended—
16	(A) in the heading, by inserting "OR
17	PREGNANCY-RELATED ASSISTANCE" after
18	"PREVENTIVE SERVICES"; and
19	(B) by inserting before the period at the end
20	the following: "or for pregnancy-related assist-
21	ance".
22	(2) No waiting period.—Section 2102(b)(1)(B)
23	(42 U.S.C. 1397bb(b)(1)(B)) is amended—
24	(A) in clause (i), by striking ", and" at the
25	end and inserting a semicolon;

1	(B) in clause (ii), by striking the period at
2	the end and inserting "; and"; and
3	(C) by adding at the end the following new
4	clause:
5	"(iii) may not apply a waiting period
6	(including a waiting period to carry out
7	paragraph $(3)(C)$) in the case of a targeted
8	low-income pregnant woman provided preg-
9	nancy-related assistance under section
10	2112.".
11	SEC. 112. PHASE-OUT OF COVERAGE FOR NONPREGNANT
12	CHILDLESS ADULTS UNDER CHIP; CONDI-
13	TIONS FOR COVERAGE OF PARENTS.
14	(a) Phase-Out Rules.—
15	(1) In general.—Title XXI (42 U.S.C. 1397aa
16	et seq.) is amended by adding at the end the following
17	new section:
18	"SEC. 2111. PHASE-OUT OF COVERAGE FOR NONPREGNANT
19	CHILDLESS ADULTS; CONDITIONS FOR COV-
20	ERAGE OF PARENTS.
21	"(a) Termination of Coverage for Nonpregnant
22	Childless Adults.—
23	"(1) No new chip waivers; automatic exten-
24	SIONS AT STATE OPTION THROUGH FISCAL YEAR
25	2008.—Notwithstanding section 1115 or any other

1	provision of this title, except as provided in this sub-
2	section—
3	"(A) the Secretary shall not on or after the
4	date of the enactment of the Children's Health
5	Insurance Program Reauthorization Act of 2007,
6	approve or renew a waiver, experimental, pilot,
7	or demonstration project that would allow funds
8	made available under this title to be used to pro-
9	vide child health assistance or other health bene-
10	fits coverage to a nonpregnant childless adult,
11	and
12	"(B) notwithstanding the terms and condi-
13	tions of an applicable existing waiver, the provi-
14	sions of paragraphs (2) and (3) shall apply for
15	purposes of any fiscal year beginning on or after
16	October 1, 2008, in determining the period to
17	which the waiver applies, the individuals eligible
18	to be covered by the waiver, and the amount of
19	the Federal payment under this title.
20	"(2) Termination of Chip Coverage under
21	APPLICABLE EXISTING WAIVERS AT THE END OF FIS-
22	CAL YEAR 2008.—
23	"(A) In general.—No funds shall be avail-
24	able under this title for child health assistance or
25	other health benefits coverage that is provided to

a nonpregnant childless adult under an applica ble existing waiver after September 30, 2008.

"(B) Extension upon state request.—

If an applicable existing waiver described in subparagraph (A) would otherwise expire before October 1, 2008, and the State requests an extension of such waiver, the Secretary shall grant such an extension, but only through September 30, 2008.

"(C) APPLICATION OF ENHANCED FMAP.—
The enhanced FMAP determined under section 2105(b) shall apply to expenditures under an applicable existing waiver for the provision of child health assistance or other health benefits coverage to a nonpregnant childless adult during fiscal year 2008.

"(3) OPTIONAL 1-YEAR TRANSITIONAL COVERAGE
BLOCK GRANT FUNDED FROM STATE ALLOTMENT.—
Subject to paragraph (4)(B), each State for which
coverage under an applicable existing waiver is terminated under paragraph (2)(A) may elect to provide
nonpregnant childless adults who were provided child
health assistance or health benefits coverage under the
applicable existing waiver at any time during fiscal
year 2008 with such assistance or coverage during fis-

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cal year 2009, as if the authority to provide such assistance or coverage under an applicable existing waiver was extended through that fiscal year, but subject to the following terms and conditions:

"(A) Block grant set aside from state ALLOTMENT.—The Secretary shall set aside for the State an amount equal to the Federal share of the State's projected expenditures under the applicable existing waiver for providing child health assistance or health benefits coverage to all nonpregnant childless adults under such waiver for fiscal year 2008 (as certified by the State and submitted to the Secretary by not later than August 31, 2008, and without regard to whether any such individual lost coverage during fiscal year 2008 and was later provided child health assistance or other health benefits coverage under the waiver in that fiscal year), increased by the annual adjustment for fiscal year 2009 determined under section 2104(i)(5)(A). The Secretary may adjust the amount set aside under the preceding sentence, as necessary, on the basis of the expenditure data for fiscal year 2008 reported by States on CMS Form 64 or CMS Form 21 not later than November 30, 2008, but

1	in no case shall the Secretary adjust such
2	amount after December 31, 2008.
3	"(B) No coverage for nonpregnant
4	CHILDLESS ADULTS WHO WERE NOT COVERED
5	DURING FISCAL YEAR 2008.—
6	"(i) FMAP APPLIED TO EXPENDI-
7	Tures.—The Secretary shall pay the State
8	for each quarter of fiscal year 2009, from
9	the amount set aside under subparagraph
10	(A), an amount equal to the Federal med-
11	ical assistance percentage (as determined
12	under section 1905(b) without regard to
13	clause (4) of such section) of expenditures in
14	the quarter for providing child health assist-
15	ance or other health benefits coverage to a
16	nonpregnant childless adult but only if such
17	adult was enrolled in the State program
18	under this title during fiscal year 2008
19	(without regard to whether the individual
20	lost coverage during fiscal year 2008 and
21	was reenrolled in that fiscal year or in fis-
22	cal year 2009).
23	"(ii) Federal payments limited to
24	Amount of block grant set-aside.—No
25	payments shall be made to a State for ex-

1	penditures described in this subparagraph
2	after the total amount set aside under sub-
3	paragraph (A) for fiscal year 2009 has been
4	paid to the State.
5	"(4) State option to apply for medicaid
6	WAIVER TO CONTINUE COVERAGE FOR NONPREGNANT
7	CHILDLESS ADULTS.—
8	"(A) In General.—Each State for which
9	coverage under an applicable existing waiver is
10	terminated under paragraph (2)(A) may submit,
11	not later than June 30, 2009, an application to
12	the Secretary for a waiver under section 1115 of
13	the State plan under title XIX to provide med-
14	ical assistance to a nonpregnant childless adult
15	whose coverage is so terminated (in this sub-
16	section referred to as a 'Medicaid nonpregnant
17	childless adults waiver').
18	"(B) Deadline for approval.—The Sec-
19	retary shall make a decision to approve or deny
20	an application for a Medicaid nonpregnant

childless adults waiver submitted under subpara-

graph (A) within 90 days of the date of the sub-

mission of the application. If no decision has

been made by the Secretary as of September 30,

2009, on the application of a State for a Med-

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1	icaid nonpregnant childless adults waiver that
2	was submitted to the Secretary by June 30,
3	2009, the application shall be deemed approved.
4	"(C) Standard for budget neu-
5	TRALITY.—The budget neutrality requirement
6	applicable with respect to expenditures for med-
7	ical assistance under a Medicaid nonpregnant
8	childless adults waiver shall—
9	"(i) in the case of fiscal year 2010,
10	allow expenditures for medical assistance
11	under title XIX for all such adults to not
12	exceed the total amount of payments made
13	to the State under paragraph (3)(B) for fis-
14	cal year 2009, increased by the percentage
15	increase (if any) in the projected nominal
16	per capita amount of National Health Ex-
17	penditures for calendar year 2010 over cal-
18	endar year 2009, as most recently published
19	by the Secretary; and
20	"(ii) in the case of any succeeding fis-
21	cal year, allow such expenditures to not ex-
22	ceed the amount in effect under this sub-
23	paragraph for the preceding fiscal year, in-
24	creased by the percentage increase (if any)
25	in the projected nominal per capita amount

of National Health Expenditures for the		1
calendar year that begins during the fisca		2
year involved over the preceding calendar		3
year, as most recently published by the Sec		4
retary.		5
"(b) Rules and Conditions for Coverage of Par		6
ENTS OF TARGETED LOW-INCOME CHILDREN.—	I	7
"(1) Two-year transition period; automatic		8
EXTENSION AT STATE OPTION THROUGH FISCAL YEAR		9
2009.—		10
"(A) NO NEW CHIP WAIVERS.—Notwith		11
standing section 1115 or any other provision o		12
this title, except as provided in this subsection—		13
"(i) the Secretary shall not on or after		14
the date of the enactment of the Children's		15
Health Insurance Program Reauthorization		16
Act of 2007 approve or renew a waiver, ex		17
perimental, pilot, or demonstration projec		18
that would allow funds made available		19
under this title to be used to provide child		20
health assistance or other health benefit.		21
coverage to a parent of a targeted low-in		22
come child; and		23
"(ii) notwithstanding the terms and		24
conditions of an applicable existing waiver		25

1	the provisions of paragraphs (2) and (3)
2	shall apply for purposes of any fiscal year
3	beginning on or after October 1, 2009, in
4	determining the period to which the waiver
5	applies, the individuals eligible to be cov-
6	ered by the waiver, and the amount of the
7	Federal payment under this title.
8	"(B) Extension upon state request.—
9	If an applicable existing waiver described in
10	subparagraph (A) would otherwise expire before
11	October 1, 2009, and the State requests an exten-
12	sion of such waiver, the Secretary shall grant
13	such an extension, but only, subject to paragraph
14	(2)(A), through September 30, 2009.
15	"(C) Application of enhanced fmap.—
16	The enhanced FMAP determined under section
17	2105(b) shall apply to expenditures under an
18	applicable existing waiver for the provision of
19	child health assistance or other health benefits
20	coverage to a parent of a targeted low-income
21	child during fiscal years 2008 and 2009.
22	"(2) Rules for fiscal years 2010 through
23	2012.—
24	"(A) Payments for coverage limited to
25	BLOCK GRANT FUNDED FROM STATE ALLOT-

MENT.—Any State that provides child health assistance or health benefits coverage under an applicable existing waiver for a parent of a targeted low-income child may elect to continue to provide such assistance or coverage through fiscal year 2010, 2011, or 2012, subject to the same terms and conditions that applied under the applicable existing waiver, unless otherwise modified in subparagraph (B).

"(B) Terms and conditions.—

"(i) Block Grant set aside from
State allotment.—If the State makes an
election under subparagraph (A), the Secretary shall set aside for the State for each
such fiscal year an amount equal to the
Federal share of 110 percent of the State's
projected expenditures under the applicable
existing waiver for providing child health
assistance or health benefits coverage to all
parents of targeted low-income children enrolled under such waiver for the fiscal year
(as certified by the State and submitted to
the Secretary by not later than August 31
of the preceding fiscal year). In the case of
fiscal year 2012, the set aside for any State

1 shall be computed separately for each period 2 described in subparagraphs (A) and (B) of section 2104(a)(15) and any reduction in 3 4 the allotment for either such period under section 2104(i)(4) shall be allocated on a 6 pro rata basis to such set aside. 7 "(ii) **PAYMENTS** FROMBLOCK8 GRANT.—The Secretary shall pay the State 9 from the amount set aside under clause (i) 10 for the fiscal year, an amount for each 11 quarter of such fiscal year equal to the ap-12 plicable percentage determined under clause 13 (iii) or (iv) for expenditures in the quarter 14 for providing child health assistance or 15 other health benefits coverage to a parent of 16 a targeted low-income child. 17 "(iii) Enhanced fmap only in fis-18 CAL YEAR 2010 FOR STATES WITH SIGNIFI-19 CANT CHILD OUTREACH OR THAT ACHIEVE 20 CHILD COVERAGE BENCHMARKS; FMAP FOR 21 ANY OTHER STATES.—For purposes of 22 clause (ii), the applicable percentage for 23 any quarter of fiscal year 2010 is equal

to—

1	"(I) the enhanced FMAP deter-
2	mined under section 2105(b) in the
3	case of a State that meets the outreach
4	or coverage benchmarks described in
5	any of subparagraph (A), (B), or (C)
6	of paragraph (3) for fiscal year 2009;
7	or
8	"(II) the Federal medical assist-
9	ance percentage (as determined under
10	section 1905(b) without regard to
11	clause (4) of such section) in the case
12	of any other State.
13	"(iv) Amount of federal matching
14	PAYMENT IN 2011 OR 2012.—For purposes of
15	clause (ii), the applicable percentage for
16	any quarter of fiscal year 2011 or 2012 is
17	equal to—
18	"(I) the REMAP percentage if—
19	"(aa) the applicable percent-
20	age for the State under clause
21	(iii) was the enhanced FMAP for
22	fiscal year 2009; and
23	"(bb) the State met either of
24	the coverage benchmarks described
25	in subparagraph (B) or (C) of

1	paragraph (3) for the preceding
2	fiscal year; or
3	"(II) the Federal medical assist-
4	ance percentage (as so determined) in
5	the case of any State to which sub-
6	clause (I) does not apply.
7	For purposes of subclause (I), the REMAP
8	percentage is the percentage which is the
9	sum of such Federal medical assistance per-
10	centage and a number of percentage points
11	equal to one-half of the difference between
12	such Federal medical assistance percentage
13	and such enhanced FMAP.
14	"(v) No federal payments other
15	Than from block grant set aside.—No
16	payments shall be made to a State for ex-
17	penditures described in clause (ii) after the
18	total amount set aside under clause (i) for
19	a fiscal year has been paid to the State.
20	"(vi) No increase in income eligi-
21	BILITY LEVEL FOR PARENTS.—No payments
22	shall be made to a State from the amount
23	set aside under clause (i) for a fiscal year
24	for expenditures for providing child health
25	assistance or health benefits coverage to a

1	parent of a targeted low-income child whose
2	family income exceeds the income eligibility
3	level applied under the applicable existing
4	waiver to parents of targeted low-income
5	children on the date of enactment of the
6	Children's Health Insurance Program Re-
7	authorization Act of 2007.
8	"(3) Outreach or coverage benchmarks.—
9	For purposes of paragraph (2), the outreach or cov-
10	erage benchmarks described in this paragraph are as
11	follows:
12	"(A) Significant child outreach cam-
13	PAIGN.—The State—
14	"(i) was awarded a grant under sec-
15	tion 2113 for fiscal year 2009;
16	"(ii) implemented 1 or more of the en-
17	rollment and retention provisions described
18	in section $2105(a)(4)$ for such fiscal year; or
19	"(iii) has submitted a specific plan for
20	outreach for such fiscal year.
21	"(B) High-performing state.—The
22	State, on the basis of the most timely and accu-
23	rate published estimates of the Bureau of the
24	Census, ranks in the lowest 1/3 of States in terms

1	of the State's percentage of low-income children
2	without health insurance.
3	"(C) State increasing enrollment of
4	LOW-INCOME CHILDREN.—The State qualified for
5	a performance bonus payment under section
6	2105(a)(3)(B) for the most recent fiscal year ap-
7	plicable under such section.
8	"(4) Rules of construction.—Nothing in this
9	subsection shall be construed as prohibiting a State
10	from submitting an application to the Secretary for
11	a waiver under section 1115 of the State plan under
12	title XIX to provide medical assistance to a parent of
13	a targeted low-income child that was provided child
14	health assistance or health benefits coverage under an
15	applicable existing waiver.
16	"(c) Applicable Existing Waiver.—For purposes of
17	this section—
18	"(1) In general.—The term 'applicable existing
19	waiver' means a waiver, experimental, pilot, or dem-
20	onstration project under section 1115, grandfathered
21	under section $6102(c)(3)$ of the Deficit Reduction Act
22	of 2005, or otherwise conducted under authority
23	that—

1	"(A) would allow funds made available
2	under this title to be used to provide child health
3	assistance or other health benefits coverage to—
4	"(i) a parent of a targeted low-income
5	child;
6	"(ii) a nonpregnant childless adult; or
7	"(iii) individuals described in both
8	clauses (i) and (ii); and
9	"(B) was in effect during fiscal year 2007.
10	"(2) Definitions.—
11	"(A) Parent.—The term 'parent' includes
12	a caretaker relative (as such term is used in car-
13	rying out section 1931) and a legal guardian.
14	"(B) Nonpregnant Childless Adult.—
15	The term 'nonpregnant childless adult' has the
16	meaning given such term by section 2107(f).".
17	(2) Conforming amendments.—
18	(A) Section 2107(f) (42 U.S.C. 1397gg(f)) is
19	amended—
20	(i) by striking ", the Secretary" and
21	inserting ":
22	"(1) The Secretary";
23	(ii) in the first sentence, by inserting
24	"or a parent (as defined in section

1	2111(c)(2)(A)), who is not pregnant, of a
2	targeted low-income child" before the period;
3	(iii) by striking the second sentence;
4	and
5	(iv) by adding at the end the following
6	new paragraph:
7	"(2) The Secretary may not approve, extend,
8	renew, or amend a waiver, experimental, pilot, or
9	demonstration project with respect to a State after the
10	date of enactment of the Children's Health Insurance
11	Program Reauthorization Act of 2007 that would
12	waive or modify the requirements of section 2111.".
13	(B) Section 6102(c) of the Deficit Reduction
14	Act of 2005 (Public Law 109–171; 120 Stat.
15	131) is amended by striking "Nothing" and in-
16	serting "Subject to section 2111 of the Social Se-
17	curity Act, as added by section 112 of the Chil-
18	dren's Health Insurance Program Reauthoriza-
19	tion Act of 2007, nothing".
20	(b) GAO STUDY AND REPORT.—
21	(1) In general.—The Comptroller General of
22	the United States shall conduct a study of whether—
23	(A) the coverage of a parent, a caretaker
24	relative (as such term is used in carrying out
25	section 1931), or a legal guardian of a targeted

1	low-income child under a State health plan
2	under title XXI of the Social Security Act in-
3	creases the enrollment of, or the quality of care
4	for, children, and
5	(B) such parents, relatives, and legal guard-
6	ians who enroll in such a plan are more likely
7	to enroll their children in such a plan or in a
8	State plan under title XIX of such Act.
9	(2) Report.—Not later than 2 years after the
10	date of the enactment of this Act, the Comptroller
11	General shall report the results of the study to the
12	Committee on Finance of the Senate and the Com-
13	mittee on Energy and Commerce of the House of Rep-
14	resentatives, including recommendations (if any) for
15	changes in legislation.
16	SEC. 113. ELIMINATION OF COUNTING MEDICAID CHILD
17	PRESUMPTIVE ELIGIBILITY COSTS AGAINST
18	TITLE XXI ALLOTMENT.
19	(a) In General.—Section 2105(a)(1) (42 U.S.C.
20	1397ee(a)(1)) is amended—
21	(1) in the matter preceding subparagraph (A),
22	by striking "(or, in the case of expenditures described
23	in subparagraph (B), the Federal medical assistance
24	percentage (as defined in the first sentence of section
25	1905(b)))"; and

1	(2) by striking subparagraph (B) and inserting
2	the following new subparagraph:
3	"(B) [reserved]".
4	(b) Amendments to Medicaid.—
5	(1) Eligibility of a newborn.—Section
6	1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended in the
7	first sentence by striking "so long as the child is a
8	member of the woman's household and the woman re-
9	mains (or would remain if pregnant) eligible for such
10	assistance".
11	(2) Application of qualified entities to
12	PRESUMPTIVE ELIGIBILITY FOR PREGNANT WOMEN
13	UNDER MEDICAID.—Section 1920(b) (42 U.S.C.
14	1396r-1(b)) is amended by adding after paragraph
15	(2) the following flush sentence:
16	"The term 'qualified provider' also includes a qualified en-
17	tity, as defined in section $1920A(b)(3)$.".
18	SEC. 114. LIMITATION ON MATCHING RATE FOR STATES
19	THAT PROPOSE TO COVER CHILDREN WITH
20	EFFECTIVE FAMILY INCOME THAT EXCEEDS
21	300 PERCENT OF THE POVERTY LINE.
22	(a) FMAP APPLIED TO EXPENDITURES.—Section
23	2105(c) (42 U.S.C. 1397ee(c)) is amended by adding at the
24	end the following new paragraph:

1 "(8) Limitation on matching rate for ex2 Penditures for child health assistance pro3 Vided to children whose effective family in4 Come exceeds 300 percent of the poverty
5 Line.—

"(A) FMAP APPLIED TO EXPENDITURES.—
Except as provided in subparagraph (B), for fiscal years beginning with fiscal year 2008, the Federal medical assistance percentage (as determined under section 1905(b) without regard to clause (4) of such section) shall be substituted for the enhanced FMAP under subsection (a)(1) with respect to any expenditures for providing child health assistance or health benefits coverage for a targeted low-income child whose effective family income would exceed 300 percent of the poverty line but for the application of a general exclusion of a block of income that is not determined by type of expense or type of income.

"(B) Exception.—Subparagraph (A) shall not apply to any State that, on the date of enactment of the Children's Health Insurance Program Reauthorization Act of 2007, has an approved State plan amendment or waiver to provide, or has enacted a State law to submit a

1	State plan amendment to provide, expenditures
2	described in such subparagraph under the State
3	child health plan.".
4	(b) Rule of Construction.—Nothing in the amend-
5	ments made by this section shall be construed as—
6	(1) changing any income eligibility level for chil-
7	dren under title XXI of the Social Security Act; or
8	(2) changing the flexibility provided States
9	under such title to establish the income eligibility
10	level for targeted low-income children under a State
11	child health plan and the methodologies used by the
12	State to determine income or assets under such plan.
13	SEC. 115. STATE AUTHORITY UNDER MEDICAID.
14	(a) State Authority to Expand Income or Re-
15	SOURCE ELIGIBILITY LEVELS FOR CHILDREN.—Nothing in
16	this Act, the amendments made by this Act, or title XIX
17	of the Social Security Act, including paragraph (2)(B) of
18	section 1905(u) of such Act, shall be construed as limiting
19	the flexibility afforded States under such title to increase
20	the income or resource eligibility levels for children under
21	a State plan or waiver under such title.
22	(b) State Authority to Receive Payments Under
23	Medicaid for Providing Medical Assistance to Chil-
24	DREN ELIGIBLE AS A RESULT OF AN INCOME OR RESOURCE
25	Eligibility Level Expansion.—A State may, notwith-

1	standing the fourth sentence of subsection (b) of section 1903
2	of the Social Security Act (42 U.S.C. 1396d) or subsection
3	(u) of such section—
4	(1) cover individuals described in section
5	1902(a)(10)(A)(ii)(IX) of the Social Security Act and
6	thereby receive Federal financial participation for
7	medical assistance for such individuals under title
8	XIX of the Social Security Act; or
9	(2) receive Federal financial participation for
10	expenditures for medical assistance under Medicaia
11	for children described in paragraph $(2)(B)$ or (3) of
12	section 1905(u) of such Act based on the Federal med-
13	ical assistance percentage, as otherwise determined
14	based on the first and third sentences of subsection (b)
15	of section 1905 of the Social Security Act, rather than
16	on the basis of an enhanced FMAP (as defined in sec-
17	tion $2105(b)$ of such Act).
18	SEC. 116. PREVENTING SUBSTITUTION OF CHIP COVERAGE
19	FOR PRIVATE COVERAGE.
20	(a) Findings.—
21	(1) Congress agrees with the President that low-
22	income children should be the first priority of all
23	States in providing child health assistance under
24	CHIP.

- 1 (2) Congress agrees with the President and the 2 Congressional Budget Office that the substitution of 3 CHIP coverage for private coverage occurs more fre-4 quently for children in families at higher income lev-5 els.
 - (3) Congress agrees with the President that it is appropriate that States that expand CHIP eligibility to children at higher income levels should have achieved a high level of health benefits coverage for low-income children and should implement strategies to address such substitution.
- 12 (4) Congress concludes that the policies specified 13 in this section (and the amendments made by this 14 section) are the appropriate policies to address these 15 issues.
- 16 (b) Analyses of Best Practices and Method-17 Ology in Addressing Crowd-Out.—
- 18 (1) GAO REPORT.—Not later than 18 months
 19 after the date of the enactment of this Act, the Comp20 troller General of the United States shall submit to
 21 the Committee on Finance of the Senate and the Com22 mittee on Energy and Commerce of the House of Rep23 resentatives and the Secretary a report describing the
 24 best practices by States in addressing the issue of

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1	CHIP crowd-out. Such report shall include analyses
2	of—
3	(A) the impact of different geographic areas,
4	including urban and rural areas, on CHIP
5	crowd- $out;$
6	(B) the impact of different State labor mar-
7	kets on CHIP crowd-out;
8	(C) the impact of different strategies for ad-
9	$dressing\ CHIP\ crowd-out;$
10	(D) the incidence of crowd-out for children
11	with different levels of family income; and
12	(E) the relationship (if any) between
13	changes in the availability and affordability of
14	dependent coverage under employer-sponsored
15	health insurance and CHIP crowd-out.
16	(2) IOM REPORT ON METHODOLOGY.—The Sec-
17	retary shall enter into an arrangement with the Insti-
18	tute of Medicine under which the Institute submits to
19	the Committee on Finance of the Senate and the Com-
20	mittee on Energy and Commerce of the House of Rep-
21	resentatives and the Secretary, not later than 18
22	months after the date of the enactment of this Act, a
23	report on—
24	(A) the most accurate, reliable, and timely
25	way to measure—

1	(i) on a State-by-State basis, the rate
2	of public and private health benefits cov-
3	erage among low-income children with fam-
4	ily income that does not exceed 200 percent
5	of the poverty line; and
6	(ii) CHIP crowd-out, including in the
7	case of children with family income that ex-
8	ceeds 200 percent of the poverty line; and
9	(B) the least burdensome way to gather the
10	necessary data to conduct the measurements de-
11	$scribed\ in\ subparagraph\ (A).$
12	Out of any money in the Treasury not otherwise ap-
13	propriated, there are hereby appropriated \$2,000,000
14	to carry out this paragraph for the period ending
15	September 30, 2009.
16	(3) Incorporation of definitions.—In this
17	section, the terms "CHIP crowd-out", "children",
18	"poverty line", and "State" have the meanings given
19	such terms for purposes of CHIP.
20	(4) Definition of Chip Crowd-Out.—Section
21	2110(c) (42 U.S.C. 1397jj(c)) is amended by adding
22	at the end the following:
23	"(9) CHIP CROWD-OUT.—The term 'CHIP
24	crowd-out' means the substitution of—

1	"(A) health benefits coverage for a child
2	under this title, for
3	"(B) health benefits coverage for the child
4	other than under this title or title XIX.".
5	(c) Development of Best Practice Recommenda-
6	TIONS.—Section 2107 (42 U.S.C. 1397gg) is amended by
7	adding at the end the following:
8	"(g) Development of Best Practice Rec-
9	OMMENDATIONS.—Within 6 months after the date of receipt
10	of the reports under subsections (a) and (b) of section 116
11	of the Children's Health Insurance Program Reauthoriza-
12	tion Act of 2007, the Secretary, in consultation with States,
13	including Medicaid and CHIP directors in States, shall
14	publish in the Federal Register, and post on the public
15	website for the Department of Health and Human Serv-
16	ices—
17	"(1) recommendations regarding best practices
18	for States to use to address CHIP crowd-out; and
19	"(2) uniform standards for data collection by
20	States to measure and report—
21	"(A) health benefits coverage for children
22	with family income below 200 percent of the pov-
23	erty line; and

1	"(B) on CHIP crowd-out, including for
2	children with family income that exceeds 200
3	percent of the poverty line.
4	The Secretary, in consultation with States, including Med-
5	icaid and CHIP directors in States, may from time to time
6	update the best practice recommendations and uniform
7	standards set published under paragraphs (1) and (2) and
8	shall provide for publication and posting of such updated
9	recommendations and standards.".
10	(d) Requirement to Address CHIP Crowd-Out;
11	Secretarial Review.—Section 2106 (42 U.S.C. 1397ff)
12	is amended by adding at the end the following:
13	"(f) Requirement to Address CHIP Crowd-Out;
14	Secretarial Review.—
15	"(1) In general.—Each State that, on or after
16	the best practice application date described in para-
17	graph (3), submits a plan amendment (or waiver re-
18	quest) to provide for eligibility for child health assist-
19	ance under the State child health plan for higher in-
20	come children described in section $2105(c)(9)(D)$ (re-
21	lating to children whose effective family income ex-
22	ceeds 300 percent of the poverty line) shall include
23	with such plan amendment or request a description
24	of how the State—

1	"(A) will address CHIP crowd-out for such
2	children; and
3	"(B) will incorporate recommended best
4	practices referred to in such paragraph.
5	"(2) Application to certain states.—Each
6	State that, as of the best practice application date de-
7	scribed in paragraph (3), has a State child health
8	plan that provides (whether under the plan or
9	through a waiver) for eligibility for child health as-
10	sistance for children referred to in paragraph (1)
11	shall submit to the Secretary, not later than 6 months
12	after the date of such application, a State plan
13	amendment describing how the State—
14	"(A) will address CHIP crowd-out for such
15	children; and
16	"(B) will incorporate recommended best
17	practices referred to in such paragraph.
18	"(3) Best practice application date.—The
19	best practice application date described in this para-
20	graph is the date that is 6 months after the date of
21	publication of recommendations regarding best prac-
22	tices under section $2107(g)(1)$.
23	"(4) Secretarial review.—The Secretary
24	shall—

1	"(A) review each State plan amendment or
2	waiver request submitted under paragraph (1) or
3	(2);
4	"(B) determine whether the amendment or
5	request incorporates recommended best practices
6	referred to in paragraph (3);
7	"(C) determine whether the State meets the
8	enrollment targets required under reference sec-
9	$tion \ 2105(c)(9)(C); \ and$
10	"(D) notify the State of such determina-
11	tions.".
12	(e) Limitation on Payments for States Covering
13	Higher Income Children.—Section 2105(c) (42 U.S.C.
14	1397ee(c)), as amended by section 114(a), is amended by
15	adding at the end the following new subsection:
16	"(9) Limitation on payments for states cov-
17	ERING HIGHER INCOME CHILDREN.—
18	"(A) Determinations.—
19	"(i) In General.—The Secretary shall
20	determine, for each State that is a higher
21	income eligibility State as of April 1 of
22	2010 and each subsequent year, whether the
23	State meets the target rate of coverage of
24	low-income children required under sub-

1	paragraph (C) and shall notify the State in
2	that month of such determination.
3	"(ii) Determination of failure.—If
4	the Secretary determines in such month that
5	a higher income eligibility State does not
6	meet such target rate of coverage, subject to
7	subparagraph (E), no payment shall be
8	made as of October 1 of such year on or
9	after October 1, 2010, under this section for
10	child health assistance provided for higher-
11	income children (as defined in subpara-
12	graph (D)) under the State child health
13	plan unless and until the State establishes
14	it is in compliance with such requirement.
15	"(B) Higher income eligibility
16	STATE.—A higher income eligibility State de-
17	scribed in this clause is a State that—
18	"(i) applies under its State child
19	health plan an eligibility income standard
20	for targeted low-income children that ex-
21	ceeds 300 percent of the poverty line; or
22	"(ii) because of the application of a
23	general exclusion of a block of income that
24	is not determined by type of expense or type
25	of income, applies an effective income

1	standard under the State child health plan
2	for such children that exceeds 300 percent of
3	the poverty line.
4	"(C) Requirement for target rate of
5	COVERAGE OF LOW-INCOME CHILDREN.—
6	"(i) In general.—The requirement of
7	this subparagraph for a State is that the
8	rate of health benefits coverage (both private
9	and public) for low-income children in the
10	State is not statistically significantly (at a
11	p=0.05 level) less than the target rate of
12	coverage specified in clause (ii).
13	"(ii) Target rate.—The target rate
14	of coverage specified in this clause is the av-
15	erage rate (determined by the Secretary) of
16	health benefits coverage (both private and
17	public) as of January 1, 2010, among the
18	10 of the 50 States and the District of Co-
19	lumbia with the highest percentage of health
20	benefits coverage (both private and public)
21	for low-income children.
22	"(iii) Standards for data.— In ap-
23	plying this subparagraph, rates of health
24	benefits coverage for States shall be deter-
25	mined using the uniform standards identi-

1	fied by the Secretary under section
2	2107(g)(2).
3	"(D) Higher-income child.—For pur-
4	poses of this paragraph, the term higher income
5	child' means, with respect to a State child health
6	plan, a targeted low-income child whose family
7	income—
8	"(i) exceeds 300 percent of the poverty
9	line; or
10	"(ii) would exceed 300 percent of the
11	poverty line if there were not taken into ac-
12	count any general exclusion described in
13	$subparagraph\ (B)(ii).$
14	"(E) Notice and opportunity to comply
15	WITH TARGET RATE.—If the Secretary makes a
16	$determination\ described\ in\ subparagraph\ (A)(ii)$
17	in April of a year, the Secretary—
18	"(i) shall provide the State with the
19	opportunity to submit and implement a
20	corrective action plan for the State to come
21	into compliance with the requirement of
22	subparagraph (C) before October 1 of such
23	year;
24	"(ii) shall not effect a denial of pay-
25	ment under subparagraph (A) on the basis

1	of such determination before October 1 of
2	such year; and
3	"(iii) shall not effect such a denial if
4	the Secretary determines that there is a rea-
5	sonable likelihood that the implementation
6	of such a correction action plan will bring
7	the State into compliance with the require-
8	ment of subparagraph (C).".
9	(f) Treatment of Medical Support Orders.—Sec-
10	tion 2102(b) (42 U.S.C. 1397bb(c)) is amended by adding
11	at the end the following:
12	"(5) Treatment of medical support or-
13	DERS.—
14	"(A) In General.—Nothing in this title
15	shall be construed to allow the Secretary to re-
16	quire that a State deny eligibility for child
17	health assistance to a child who is otherwise eli-
18	gible on the basis of the existence of a valid med-
19	ical support order being in effect.
20	"(B) State election.—A State may elect
21	to limit eligibility for child health assistance to
22	a targeted low-income child on the basis of the
23	existence of a valid medical support order on the
24	child's behalf, but only if the State does not deny
25	such eliaibility for a child on such basis if the

1	child asserts that the order is not being complied
2	with for any of the reasons described in subpara-
3	graph (C) unless the State demonstrates that
4	none of such reasons applies in the case involved.
5	"(C) Reasons for noncompliance.—The
6	reasons described in this subparagraph for non-
7	compliance with a medical support order with
8	respect to a child are that the child is not being
9	provided health benefits coverage pursuant to
10	such order because—
11	"(i) of failure of the noncustodial par-
12	ent to comply with the order;
13	"(ii) of the failure of an employer,
14	group health plan or health insurance issuer
15	to comply with such order; or
16	"(iii) the child resides in a geographic
17	area in which benefits under the health ben-
18	efits coverage are generally unavailable.".
19	(g) Effective Date of Amendments; Consistency
20	of Policies.—The amendments made by this section shall
21	take effect as if enacted on August 16, 2007. The Secretary
22	may not impose (or continue in effect) any requirement,
23	prevent the implementation of any provision, or condition
24	the approval of any provision under any State child health
25	plan, State plan amendment, or waiver request on the basis

1	of any policy or interpretation relating to CHIP crowd-
2	out or medical support order other than under the amend-
3	ments made by this section.
4	TITLE II—OUTREACH AND
5	ENROLLMENT
6	Subtitle A—Outreach and
7	Enrollment Activities
8	SEC. 201. GRANTS AND ENHANCED ADMINISTRATIVE FUND-
9	ING FOR OUTREACH AND ENROLLMENT.
10	(a) Grants.—Title XXI (42 U.S.C. 1397aa et seq.),
11	as amended by section 107, is amended by adding at the
12	end the following:
13	"SEC. 2113. GRANTS TO IMPROVE OUTREACH AND ENROLL-
14	MENT.
15	"(a) Outreach and Enrollment Grants; Na-
16	TIONAL CAMPAIGN.—
17	"(1) In general.—From the amounts appro-
18	priated under subsection (g), subject to paragraph
19	(2), the Secretary shall award grants to eligible enti-
20	ties during the period of fiscal years 2008 through
21	2012 to conduct outreach and enrollment efforts that
22	are designed to increase the enrollment and participa-
23	tion of eligible children under this title and title XIX.
24	"(2) Ten percent set aside for national
25	ENROLLMENT CAMPAIGN.—An amount equal to 10

1	percent of such amounts shall be used by the Sec-
2	retary for expenditures during such period to carry
3	out a national enrollment campaign in accordance
4	with subsection (h).
5	"(b) Priority for Award of Grants.—
6	"(1) In General.—In awarding grants under
7	subsection (a), the Secretary shall give priority to eli-
8	gible entities that—
9	"(A) propose to target geographic areas
10	with high rates of—
11	"(i) eligible but unenrolled children,
12	including such children who reside in rural
13	areas; or
14	"(ii) racial and ethnic minorities and
15	health disparity populations, including
16	those proposals that address cultural and
17	linguistic barriers to enrollment; and
18	"(B) submit the most demonstrable evidence
19	required under paragraphs (1) and (2) of sub-
20	section (c).
21	"(2) Ten percent set aside for outreach
22	TO INDIAN CHILDREN.—An amount equal to 10 per-
23	cent of the funds appropriated under subsection (g)
24	shall be used by the Secretary to award grants to In-
25	dian Health Service providers and urban Indian or-

1	ganizations receiving funds under title V of the In-
2	dian Health Care Improvement Act (25 U.S.C. 1651
3	et seq.) for outreach to, and enrollment of, children
4	who are Indians.
5	"(c) APPLICATION.—An eligible entity that desires to
6	receive a grant under subsection (a) shall submit an appli-
7	cation to the Secretary in such form and manner, and con-
8	taining such information, as the Secretary may decide.
9	Such application shall include—
10	"(1) evidence demonstrating that the entity in-
11	cludes members who have access to, and credibility
12	with, ethnic or low-income populations in the commu-
13	nities in which activities funded under the grant are
14	to be conducted;
15	"(2) evidence demonstrating that the entity has
16	the ability to address barriers to enrollment, such as
17	lack of awareness of eligibility, stigma concerns and
18	punitive fears associated with receipt of benefits, and
19	other cultural barriers to applying for and receiving
20	child health assistance or medical assistance;
21	"(3) specific quality or outcomes performance
22	measures to evaluate the effectiveness of activities
23	funded by a grant awarded under this section; and
24	"(4) an assurance that the eligible entity shall—

1	"(A) conduct an assessment of the effective-
2	ness of such activities against the performance
3	measures;
4	"(B) cooperate with the collection and re-
5	porting of enrollment data and other informa-
6	tion in order for the Secretary to conduct such
7	assessments; and
8	"(C) in the case of an eligible entity that is
9	not the State, provide the State with enrollment
10	data and other information as necessary for the
11	State to make necessary projections of eligible
12	children and pregnant women.
13	"(d) Dissemination of Enrollment Data and In-
14	FORMATION DETERMINED FROM EFFECTIVENESS ASSESS-
15	MENTS; ANNUAL REPORT.—The Secretary shall—
16	"(1) make publicly available the enrollment data
17	and information collected and reported in accordance
18	with subsection $(c)(4)(B)$; and
19	"(2) submit an annual report to Congress on the
20	outreach and enrollment activities conducted with
21	funds appropriated under this section.
22	"(e) Maintenance of Effort for States Awarded
23	Grants; No State Match Required.—In the case of a
24	State that is awarded a grant under this section—

1	"(1) the State share of funds expended for out-
2	reach and enrollment activities under the State child
3	health plan shall not be less than the State share of
4	such funds expended in the fiscal year preceding the
5	first fiscal year for which the grant is awarded; and
6	"(2) no State matching funds shall be required
7	for the State to receive a grant under this section.
8	"(f) Definitions.—In this section:
9	"(1) Eligible enti-The term 'eligible enti-
10	ty' means any of the following:
11	"(A) A State with an approved child health
12	plan under this title.
13	$``(B)\ A\ local\ government.$
14	"(C) An Indian tribe or tribal consortium,
15	a tribal organization, an urban Indian organi-
16	zation receiving funds under title V of the In-
17	dian Health Care Improvement Act (25 U.S.C.
18	1651 et seq.), or an Indian Health Service pro-
19	vider.
20	"(D) A Federal health safety net organiza-
21	tion.
22	"(E) A national, State, local, or commu-
23	nity-based public or nonprofit private organiza-
24	tion, including organizations that use commu-

1	nity health workers or community-based doula
2	programs.
3	"(F) A faith-based organization or con-
4	sortia, to the extent that a grant awarded to such
5	an entity is consistent with the requirements of
6	section 1955 of the Public Health Service Act (42
7	U.S.C. 300x-65) relating to a grant award to
8	$nongovernmental\ entities.$
9	"(G) An elementary or secondary school.
10	"(2) Federal Health Safety Net Organiza-
11	TION.—The term 'Federal health safety net organiza-
12	tion' means—
13	"(A) a Federally-qualified health center (as
14	defined in section $1905(l)(2)(B)$;
15	"(B) a hospital defined as a dispropor-
16	tionate share hospital for purposes of section
17	1923;
18	"(C) a covered entity described in section
19	340B(a)(4) of the Public Health Service Act (42
20	$U.S.C.\ 256b(a)(4));\ and$
21	"(D) any other entity or consortium that
22	serves children under a federally funded pro-
23	gram, including the special supplemental nutri-
24	tion program for women, infants, and children
25	(WIC) established under section 17 of the Child

1	Nutrition Act of 1966 (42 U.S.C. 1786), the
2	Head Start and Early Head Start programs
3	under the Head Start Act (42 U.S.C. 9801 et
4	seq.), the school lunch program established under
5	the Richard B. Russell National School Lunch
6	Act, and an elementary or secondary school.
7	"(3) Indians; indian tribe; tribal organiza-
8	TION; URBAN INDIAN ORGANIZATION.—The terms 'In-
9	dian', 'Indian tribe', 'tribal organization', and 'urban
10	Indian organization' have the meanings given such
11	terms in section 4 of the Indian Health Care Im-
12	provement Act (25 U.S.C. 1603).
13	"(4) Community health worker.—The term
14	'community health worker' means an individual who
15	promotes health or nutrition within the community
16	in which the individual resides—
17	"(A) by serving as a liaison between com-
18	munities and health care agencies;
19	"(B) by providing guidance and social as-
20	sistance to community residents;
21	"(C) by enhancing community residents"
22	ability to effectively communicate with health
23	care providers;

1	"(D) by providing culturally and linguis-
2	tically appropriate health or nutrition edu-
3	cation;
4	"(E) by advocating for individual and com-
5	munity health or nutrition needs; and
6	"(F) by providing referral and followup
7	services.
8	"(g) Appropriated, out of
9	any money in the Treasury not otherwise appropriated,
10	\$100,000,000 for the period of fiscal years 2008 through
11	2012, for the purpose of awarding grants under this section.
12	Amounts appropriated and paid under the authority of this
13	section shall be in addition to amounts appropriated under
14	section 2104 and paid to States in accordance with section
15	2105, including with respect to expenditures for outreach
16	activities in accordance with subsections $(a)(1)(D)(iii)$ and
17	(c)(2)(C) of that section.
18	"(h) National Enrollment Campaign.—From the
19	amounts made available under subsection (a)(2), the Sec-
20	retary shall develop and implement a national enrollment
21	campaign to improve the enrollment of underserved child
22	populations in the programs established under this title and
23	title XIX. Such campaign may include—
24	"(1) the establishment of partnerships with the
25	Secretary of Education and the Secretary of Agri-

1	culture to develop national campaigns to link the eli-
2	gibility and enrollment systems for the assistance pro-
3	grams each Secretary administers that often serve the
4	same children;
5	"(2) the integration of information about the
6	programs established under this title and title XIX in
7	public health awareness campaigns administered by
8	the Secretary;
9	"(3) increased financial and technical support
10	for enrollment hotlines maintained by the Secretary
11	to ensure that all States participate in such hotlines;
12	"(4) the establishment of joint public awareness
13	outreach initiatives with the Secretary of Education
14	and the Secretary of Labor regarding the importance
15	of health insurance to building strong communities
16	and the economy;
17	"(5) the development of special outreach mate-
18	rials for Native Americans or for individuals with
19	limited English proficiency; and
20	"(6) such other outreach initiatives as the Sec-
21	retary determines would increase public awareness of

23 (b) Enhanced Administrative Funding for 24 Translation or Interpretation Services Under

the programs under this title and title XIX.".

25 CHIP AND MEDICAID.—

22

1	(1) $CHIP.$ —Section 2105(a)(1) (42 $U.S.C.$
2	1397ee(a)(1)), as amended by section 113, is amend-
3	ed—
4	(A) in the matter preceding subparagraph
5	(A), by inserting "(or, in the case of expenditures
6	described in subparagraph (D)(iv), the higher of
7	75 percent or the sum of the enhanced FMAP
8	plus 5 percentage points)" after "enhanced
9	FMAP"; and
10	$(B)\ in\ subparagraph\ (D)$ —
11	(i) in clause (iii), by striking "and" at
12	$the\ end;$
13	(ii) by redesignating clause (iv) as
14	clause (v); and
15	(iii) by inserting after clause (iii) the
16	following new clause:
17	"(iv) for translation or interpretation
18	services in connection with the enrollment
19	of, retention of, and use of services under
20	this title by, individuals for whom English
21	is not their primary language (as found
22	necessary by the Secretary for the proper
23	and efficient administration of the State
24	plan); and".
25	(2) Medicaid.—

1	(A) Use of medicaid funds.—Section
2	1903(a)(2) (42 U.S.C. $1396b(a)(2)$) is amended
3	by adding at the end the following new subpara-
4	graph:
5	"(E) an amount equal to 75 percent of so much
6	of the sums expended during such quarter (as found
7	necessary by the Secretary for the proper and efficient
8	administration of the State plan) as are attributable
9	to translation or interpretation services in connection
10	with the enrollment of, retention of, and use of serv-
11	ices under this title by, children of families for whom
12	English is not the primary language; plus".
13	(B) Use of community health workers
14	FOR OUTREACH ACTIVITIES.—
15	(i) In General.—Section $2102(c)(1)$
16	of such Act (42 U.S.C. 1397 $bb(c)(1)$) is
17	amended by inserting "(through community
18	health workers and others)" after "Out-
19	reach".
20	(ii) In Federal Evaluation.—Sec-
21	tion $2108(c)(3)(B)$ of such Act (42 U.S.C.
22	1397hh(c)(3)(B)) is amended by inserting
23	"(such as through community health work-
24	ers and others)" after "including practices".

1	SEC. 202. INCREASED OUTREACH AND ENROLLMENT OF IN-
2	DIANS.
3	(a) In General.—Section 1139 (42 U.S.C. 1320b-9)
4	is amended to read as follows:
5	"SEC. 1139. IMPROVED ACCESS TO, AND DELIVERY OF,
6	HEALTH CARE FOR INDIANS UNDER TITLES
7	XIX AND XXI.
8	"(a) Agreements With States for Medicaid and
9	CHIP OUTREACH ON OR NEAR RESERVATIONS TO IN-
10	CREASE THE ENROLLMENT OF INDIANS IN THOSE PRO-
11	GRAMS.—
12	"(1) In general.—In order to improve the ac-
13	cess of Indians residing on or near a reservation to
14	obtain benefits under the Medicaid and State chil-
15	dren's health insurance programs established under
16	titles XIX and XXI, the Secretary shall encourage the
17	State to take steps to provide for enrollment on or
18	near the reservation. Such steps may include outreach
19	efforts such as the outstationing of eligibility workers,
20	entering into agreements with the Indian Health
21	Service, Indian Tribes, Tribal Organizations, and
22	Urban Indian Organizations to provide outreach,
23	education regarding eligibility and benefits, enroll-
24	ment, and translation services when such services are
25	appropriate.

- 1 "(2) Construction.—Nothing in paragraph (1)
- 2 shall be construed as affecting arrangements entered
- 3 into between States and the Indian Health Service,
- 4 Indian Tribes, Tribal Organizations, or Urban In-
- 5 dian Organizations for such Service, Tribes, or Orga-
- 6 nizations to conduct administrative activities under
- 7 such titles.
- 8 "(b) Requirement To Facilitate Cooperation.—
- 9 The Secretary, acting through the Centers for Medicare &
- 10 Medicaid Services, shall take such steps as are necessary
- 11 to facilitate cooperation with, and agreements between,
- 12 States and the Indian Health Service, Indian Tribes, Trib-
- 13 al Organizations, or Urban Indian Organizations with re-
- 14 spect to the provision of health care items and services to
- 15 Indians under the programs established under title XIX or
- 16 *XXI*.
- 17 "(c) Definition of Indian; Indian Tribe; Indian
- 18 Health Program; Tribal Organization; Urban Indian
- 19 Organization.—In this section, the terms 'Indian', 'In-
- 20 dian Tribe', 'Indian Health Program', 'Tribal Organiza-
- 21 tion', and 'Urban Indian Organization' have the meanings
- 22 given those terms in section 4 of the Indian Health Care
- 23 Improvement Act.".
- 24 (b) Nonapplication of 10 Percent Limit on Out-
- 25 REACH AND CERTAIN OTHER EXPENDITURES.—Section

1	2105(c)(2) (42 U.S.C. $1397ee(c)(2)$) is amended by adding
2	at the end the following:
3	"(C) Nonapplication to certain ex-
4	PENDITURES.—The limitation under subpara-
5	graph (A) shall not apply with respect to the fol-
6	lowing expenditures:
7	"(i) Expenditures to increase
8	OUTREACH TO, AND THE ENROLLMENT OF,
9	INDIAN CHILDREN UNDER THIS TITLE AND
10	title xix.—Expenditures for outreach ac-
11	tivities to families of Indian children likely
12	to be eligible for child health assistance
13	under the plan or medical assistance under
14	the State plan under title XIX (or under a
15	waiver of such plan), to inform such fami-
16	lies of the availability of, and to assist them
17	in enrolling their children in, such plans,
18	including such activities conducted under
19	grants, contracts, or agreements entered into
20	under section 1139(a).".
21	SEC. 203. STATE OPTION TO RELY ON FINDINGS FROM AN
22	EXPRESS LANE AGENCY TO CONDUCT SIM-
23	PLIFIED ELIGIBILITY DETERMINATIONS.
24	(a) Application Under Medicaid and CHIP Pro-
25	GRAMS.—

1	(1) MEDICAID.—Section 1902(e) (42 U.S.C.
2	1396a(e)) is amended by adding at the end the fol-
3	lowing:
4	"(13) Express Lane Option.—
5	"(A) In General.—
6	"(i) Option to use a finding from an
7	EXPRESS LANE AGENCY.—At the option of the
8	State, the State plan may provide that in deter-
9	mining eligibility under this title for a child (as
10	defined in subparagraph (G)), the State may
11	rely on a finding made within a reasonable pe-
12	riod (as determined by the State) from an Ex-
13	press Lane agency (as defined in subparagraph
14	(F)) when it determines whether a child satisfies
15	one or more components of eligibility for medical
16	assistance under this title. The State may rely
17	on a finding from an Express Lane agency not-
18	with standing $sections$ $1902(a)(46)(B)$ and
19	1137(d) and any differences in budget unit, dis-
20	regard, deeming or other methodology, if the fol-
21	lowing requirements are met:
22	"(I) Prohibition on determining
23	CHILDREN INELIGIBLE FOR COVERAGE.—If
24	a finding from an Express Lane agency
25	would result in a determination that a

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child does not satisfy an eligibility require-2 ment for medical assistance under this title and for child health assistance under title 3 4 XXI, the State shall determine eligibility for assistance using its regular procedures.

> "(II) NOTICE REQUIREMENT.—For any child who is found eligible for medical assistance under the State plan under this title or child health assistance under title XXI and who is subject to premiums based on an Express Lane agency's finding of such child's income level, the State shall provide notice that the child may qualify for lower premium payments if evaluated by the State using its regular policies and of the procedures for requesting such an evaluation.

> "(III) Compliance with screen and ENROLL REQUIREMENT.—The State shall satisfy the requirements under subparagraphs (A) and (B) of section 2102(b)(3)(relating to screen and enroll) before enrolling a child in child health assistance under title XXI. At its option, the State may fulfill such requirements in accordance with

1	either option provided under subparagraph
2	(C) of this paragraph.
3	"(IV) Verification of citizenship
4	OR NATIONALITY STATUS.—The State shall
5	satisfy the requirements of section
6	1902(a)(46)(B) or $2105(c)(10)$, as applica-
7	ble for verifications of citizenship or nation-
8	ality status.
9	"(V) Coding.—The State meets the re-
10	$quirements\ of\ subparagraph\ (E).$
11	"(ii) Option to apply to renewals and
12	REDETERMINATIONS.—The State may apply the
13	provisions of this paragraph when conducting
14	initial determinations of eligibility, redetermina-
15	tions of eligibility, or both, as described in the
16	State plan.
17	"(B) Rules of construction.—Nothing in
18	this paragraph shall be construed—
19	"(i) to limit or prohibit a State from taking
20	any actions otherwise permitted under this title
21	or title XXI in determining eligibility for or en-
22	rolling children into medical assistance under
23	this title or child health assistance under title
24	XXI; or

1	"(ii) to modify the limitations in section
2	1902(a)(5) concerning the agencies that may
3	make a determination of eligibility for medical
4	assistance under this title.
5	"(C) Options for satisfying the screen and
6	ENROLL REQUIREMENT.—
7	"(i) In general.—With respect to a child
8	whose eligibility for medical assistance under
9	this title or for child health assistance under title
10	XXI has been evaluated by a State agency using
11	an income finding from an Express Lane agen-
12	cy, a State may carry out its duties under sub-
13	paragraphs (A) and (B) of section 2102(b)(3)
14	(relating to screen and enroll) in accordance
15	with either clause (ii) or clause (iii).
16	"(ii) Establishing a screening thresh-
17	OLD.—
18	"(I) In general.—Under this clause,
19	the State establishes a screening threshold
20	set as a percentage of the Federal poverty
21	level that exceeds the highest income thresh-
22	old applicable under this title to the child
23	by a minimum of 30 percentage points or,
24	at State option, a higher number of percent-
25	age points that reflects the value (as deter-

mined by the State and described in the State plan) of any differences between in-come methodologies used by the program ad-ministered by the Express Lane agency and the methodologies used by the State in determining eligibility for medical assistance under this title. "(II) CHILDREN WITH INCOME

"(II) CHILDREN WITH INCOME NOT
ABOVE THRESHOLD.—If the income of a
child does not exceed the screening threshold,
the child is deemed to satisfy the income eligibility criteria for medical assistance
under this title regardless of whether such
child would otherwise satisfy such criteria.

"(III) CHILDREN WITH INCOME ABOVE
THRESHOLD.—If the income of a child exceeds the screening threshold, the child shall
be considered to have an income above the
Medicaid applicable income level described
in section 2110(b)(4) and to satisfy the requirement under section 2110(b)(1)(C) (relating to the requirement that CHIP matching funds be used only for children not eligible for Medicaid). If such a child is enrolled in child health assistance under title

1	XXI, the State shall provide the parent,
2	guardian, or custodial relative with the fol-
3	lowing:
4	"(aa) Notice that the child may be
5	eligible to receive medical assistance
6	under the State plan under this title if
7	evaluated for such assistance under the
8	State's regular procedures and notice
9	of the process through which a parent,
10	guardian, or custodial relative can re-
11	quest that the State evaluate the child's
12	eligibility for medical assistance under
13	this title using such regular procedures.
14	"(bb) A description of differences
15	between the medical assistance pro-
16	vided under this title and child health
17	assistance under title XXI, including
18	differences in cost-sharing requirements
19	and covered benefits.
20	"(iii) Temporary enrollment in chip
21	PENDING SCREEN AND ENROLL.—
22	"(I) In general.—Under this clause,
23	a State enrolls a child in child health as-
24	sistance under title XXI for a temporary
25	period if the child appears eligible for such

1	assistance based on an income finding by
2	an Express Lane agency.
3	"(II) Determination of eligi-
4	BILITY.—During such temporary enrollment
5	period, the State shall determine the child's
6	eligibility for child health assistance under
7	title XXI or for medical assistance under
8	this title in accordance with this clause.
9	"(III) Prompt follow up.—In mak-
10	ing such a determination, the State shall
11	take prompt action to determine whether the
12	child should be enrolled in medical assist-
13	ance under this title or child health assist-
14	ance under title XXI pursuant to subpara-
15	graphs (A) and (B) of section $2102(b)(3)$
16	(relating to screen and enroll).
17	"(IV) REQUIREMENT FOR SIMPLIFIED
18	DETERMINATION.—In making such a deter-
19	mination, the State shall use procedures
20	that, to the maximum feasible extent, reduce
21	the burden imposed on the individual of
22	such determination. Such procedures may
23	not require the child's parent, guardian, or
24	custodial relative to provide or verify infor-
25	mation that already has been provided to

the State agency by an Express Lane agency or another source of information unless
the State agency has reason to believe the
information is erroneous.

"(V) AVAILABILITY OF CHIP MATCHING
FUNDS DURING TEMPORARY ENROLLMENT
PERIOD.—Medical assistance for items and
services that are provided to a child enrolled
in title XXI during a temporary enrollment
period under this clause shall be treated as
child health assistance under such title.

"(D) Option for automatic enrollment.—

"(i) IN GENERAL.—The State may initiate and determine eligibility for medical assistance under the State Medicaid plan or for child health assistance under the State CHIP plan without a program application from, or on behalf of, the child based on data obtained from sources other than the child (or the child's family), but a child can only be automatically enrolled in the State Medicaid plan or the State CHIP plan if the child or the family affirmatively consents to being enrolled through affirmation and signature on an Express Lane agency

1	application, if the requirement of clause (ii) is
2	met.
3	"(ii) Information requirement.—The re-
4	quirement of this clause is that the State informs
5	the parent, guardian, or custodial relative of the
6	child of the services that will be covered, appro-
7	priate methods for using such services, premium
8	or other cost sharing charges (if any) that apply,
9	medical support obligations (under section
10	1912(a)) created by enrollment (if applicable),
11	and the actions the parent, guardian, or relative
12	must take to maintain enrollment and renew
13	coverage.
14	"(E) Coding; application to enrollment
15	ERROR RATES.—
16	"(i) In general.—For purposes of sub-
17	paragraph (A)(iv), the requirement of this sub-
18	paragraph for a State is that the State agrees
19	<i>to</i> —
20	"(I) assign such codes as the Secretary
21	shall require to the children who are en-
22	rolled in the State Medicaid plan or the
23	State CHIP plan through reliance on a
24	finding made by an Express Lane agency

1	for the duration of the State's election under
2	this paragraph;
3	"(II) annually provide the Secretary
4	with a statistically valid sample (that is
5	approved by Secretary) of the children en-
6	rolled in such plans through reliance on
7	such a finding by conducting a full Med-
8	icaid eligibility review of the children iden-
9	tified for such sample for purposes of deter-
10	mining an eligibility error rate (as de-
11	scribed in clause (iv)) with respect to the
12	enrollment of such children (and shall not
13	include such children in any data or sam-
14	ples used for purposes of complying with a
15	Medicaid Eligibility Quality Control
16	(MEQC) review or a payment error rate
17	$measurement\ (PERM)\ requirement);$
18	"(III) submit the error rate determined
19	under subclause (II) to the Secretary;
20	"(IV) if such error rate exceeds 3 per-
21	cent for either of the first 2 fiscal years in
22	which the State elects to apply this para-
23	graph, demonstrate to the satisfaction of the
24	Secretary the specific corrective actions im-

1	plemented	by	the	State	to	improve	upon
2	such error	rate	; and	d			

"(V) if such error rate exceeds 3 percent for any fiscal year in which the State elects to apply this paragraph, a reduction in the amount otherwise payable to the State under section 1903(a) for quarters for that fiscal year, equal to the total amount of erroneous excess payments determined for the fiscal year only with respect to the children included in the sample for the fiscal year that are in excess of a 3 percent error rate with respect to such children.

"(ii) NO PUNITIVE ACTION BASED ON ERROR RATE.—The Secretary shall not apply the error rate derived from the sample under clause (i) to the entire population of children enrolled in the State Medicaid plan or the State CHIP plan through reliance on a finding made by an Express Lane agency, or to the population of children enrolled in such plans on the basis of the State's regular procedures for determining eligibility, or penalize the State on the basis of such error rate in any manner other than the re-

duction of payments provided for under clause (i)(V).

"(iii) Rule of construction.—Nothing in this paragraph shall be construed as relieving a State that elects to apply this paragraph from being subject to a penalty under section 1903(u), for payments made under the State Medicaid plan with respect to ineligible individuals and families that are determined to exceed the error rate permitted under that section (as determined without regard to the error rate determined under clause (i)(II)).

"(iv) Error rate Defined.—In this subparagraph, the term 'error rate' means the rate of erroneous excess payments for medical assistance (as defined in section 1903(u)(1)(D)) for the period involved, except that such payments shall be limited to individuals for which eligibility determinations are made under this paragraph and except that in applying this paragraph under title XXI, there shall be substituted for references to provisions of this title corresponding provisions within title XXI.

"(F) Express lane agency.—

1	"(i) In General.—In this paragraph, the
2	term 'Express Lane agency' means a public
3	agency that—
4	"(I) is determined by the State Med-
5	icaid agency or the State CHIP agency (as
6	applicable) to be capable of making the de-
7	terminations of one or more eligibility re-
8	quirements described in subparagraph
9	(A)(i);
10	"(II) is identified in the State Med-
11	icaid plan or the State CHIP plan; and
12	"(III) notifies the child's family—
13	"(aa) of the information which
14	shall be disclosed in accordance with
15	$this\ paragraph;$
16	"(bb) that the information dis-
17	closed will be used solely for purposes
18	of determining eligibility for medical
19	assistance under the State Medicaid
20	plan or for child health assistance
21	under the State CHIP plan; and
22	"(cc) that the family may elect to
23	not have the information disclosed for
24	such purposes; and

1	"(IV) enters into, or is subject to, an
2	interagency agreement to limit the disclo-
3	sure and use of the information disclosed.
4	"(ii) Inclusion of specific public agen-
5	CIES.—Such term includes the following:
6	"(I) A public agency that determines
7	eligibility for assistance under any of the
8	following:
9	"(aa) The temporary assistance
10	for needy families program funded
11	under part A of title IV.
12	"(bb) A State program funded
13	under part D of title IV.
14	"(cc) The State Medicaid plan.
15	"(dd) The State CHIP plan.
16	"(ee) The Food Stamp Act of 1977
17	(7 U.S.C. 2011 et seq.).
18	"(ff) The Head Start Act (42
19	U.S.C. 9801 et seq.).
20	"(gg) The Richard B. Russell Na-
21	tional School Lunch Act (42 U.S.C.
22	1751 et seq.).
23	"(hh) The Child Nutrition Act of
24	1966 (42 U.S.C. 1771 et sea.).

1	"(ii) The Child Care and Develop-
2	ment Block Grant Act of 1990 (42
3	U.S.C. 9858 et seq.).
4	"(jj) The Stewart B. McKinney
5	Homeless Assistance Act (42 U.S.C.
6	11301 et seq.).
7	"(kk) The United States Housing
8	Act of 1937 (42 U.S.C. 1437 et seq.).
9	"(ll) The Native American Hous-
10	ing Assistance and Self-Determination
11	Act of 1996 (25 U.S.C. 4101 et seq.).
12	"(II) A State-specified governmental
13	agency that has fiscal liability or legal re-
14	sponsibility for the accuracy of the eligi-
15	bility determination findings relied on by
16	the State.
17	"(III) A public agency that is subject
18	to an interagency agreement limiting the
19	disclosure and use of the information dis-
20	closed for purposes of determining eligibility
21	under the State Medicaid plan or the State
22	CHIP plan.
23	"(iii) Exclusions.—Such term does not
24	include an agency that determines eligibility for
25	a program established under the Social Services

1	Block Grant established under title XX or a pri-
2	vate, for-profit organization.
3	"(iv) Rules of construction.—Nothing
4	in this paragraph shall be construed as—
5	"(I) exempting a State Medicaid agen-
6	cy from complying with the requirements of
7	section 1902(a)(4) relating to merit-based
8	personnel standards for employees of the
9	State Medicaid agency and safeguards
10	against conflicts of interest); or
11	"(II) authorizing a State Medicaid
12	agency that elects to use Express Lane agen-
13	cies under this subparagraph to use the Ex-
14	press Lane option to avoid complying with
15	such requirements for purposes of making
16	eligibility determinations under the State
17	Medicaid plan.
18	"(v) Additional definitions.—In this
19	paragraph:
20	"(I) State.—The term 'State' means 1
21	of the 50 States or the District of Columbia.
22	"(II) State Chip agency.—The term
23	'State CHIP agency' means the State agen-
24	cy responsible for administering the State
25	CHIP plan.

1	"(III) State Chip plan.—The term
2	'State CHIP plan' means the State child
3	health plan established under title XXI and
4	includes any waiver of such plan.
5	"(IV) State medicaid agency.—The
6	term 'State Medicaid agency' means the
7	State agency responsible for administering
8	the State Medicaid plan.
9	"(V) State medicaid plan.—The
10	term 'State Medicaid plan' means the State
11	plan established under title XIX and in-
12	cludes any waiver of such plan.
13	"(G) Child defined.—For purposes of this
14	paragraph, the term 'child' means an individual
15	under 19 years of age, or, at the option of a State,
16	such higher age, not to exceed 21 years of age, as the
17	State may elect.
18	"(H) Application.—This paragraph shall not
19	apply to with respect to eligibility determinations
20	made after September 30, 2012.".
21	(2) CHIP.—Section 2107(e)(1) (42 U.S.C.
22	1397gg(e)(1)) is amended by redesignating subpara-
23	graphs (B), (C), and (D) as subparagraphs (C), (D),
24	and (E), respectively, and by inserting after subpara-
25	graph (A) the following new subparagraph:

1	"(B) Section 1902(e)(13) (relating to the
2	State option to rely on findings from an Express
3	Lane agency to help evaluate a child's eligibility
4	for medical assistance).".
5	(b) Evaluation and Report.—
6	(1) EVALUATION.—The Secretary shall conduct,
7	by grant, contract, or interagency agreement, a com-
8	prehensive, independent evaluation of the option pro-
9	vided under the amendments made by subsection (a).
10	Such evaluation shall include an analysis of the effec-
11	tiveness of the option, and shall include—
12	(A) obtaining a statistically valid sample of
13	the children who were enrolled in the State Med-
14	icaid plan or the State CHIP plan through reli-
15	ance on a finding made by an Express Lane
16	agency and determining the percentage of chil-
17	dren who were erroneously enrolled in such
18	plans;
19	(B) determining whether enrolling children
20	in such plans through reliance on a finding
21	made by an Express Lane agency improves the
22	ability of a State to identify and enroll low-in-
23	come, uninsured children who are eligible but
24	not enrolled in such plans;

1	(C) evaluating the administrative costs or
2	savings related to identifying and enrolling chil-
3	dren in such plans through reliance on such
4	findings, and the extent to which such costs differ
5	from the costs that the State otherwise would
6	have incurred to identify and enroll low-income,
7	uninsured children who are eligible but not en-
8	rolled in such plans; and
9	(D) any recommendations for legislative or
10	administrative changes that would improve the
11	effectiveness of enrolling children in such plans
12	through reliance on such findings.
13	(2) Report to congress.—Not later than Sep-
14	tember 30, 2011, the Secretary shall submit a report
15	to Congress on the results of the evaluation under
16	paragraph (1).
17	(3) Funding.—
18	(A) In GENERAL.—Out of any funds in the
19	Treasury not otherwise appropriated, there is
20	appropriated to the Secretary to carry out the
21	evaluation under this subsection \$5,000,000 for
22	the period of fiscal years 2008 through 2011.
23	(B) Budget Authority.—Subparagraph
24	(A) constitutes budget authority in advance of
25	appropriations Act and represents the obligation

1	of the Federal Government to provide for the
2	payment of such amount to conduct the evalua-
3	tion under this subsection.
4	(c) Electronic Transmission of Information.—
5	Section 1902 (42 U.S.C. 1396a) is amended by adding at
6	the end the following new subsection:
7	"(dd) Electronic Transmission of Informa-
8	TION.—If the State agency determining eligibility for med-
9	ical assistance under this title or child health assistance
10	under title XXI verifies an element of eligibility based on
11	information from an Express Lane Agency (as defined in
12	subsection $(e)(13)(F)$), or from another public agency, then
13	the applicant's signature under penalty of perjury shall not
14	be required as to such element. Any signature requirement
15	for an application for medical assistance may be satisfied
16	through an electronic signature, as defined in section
17	1710(1) of the Government Paperwork Elimination Act (44
18	U.S.C. 3504 note). The requirements of subparagraphs (A)
19	and (B) of section 1137(d)(2) may be met through evidence
20	in digital or electronic form.".
21	(d) Authorization of Information Disclosure.—
22	(1) In General.—Title XIX is amended—
23	(A) by redesignating section 1939 as section
24	1940; and

1	(B) by inserting after section 1938 the fol-
2	lowing new section:
3	"SEC. 1939. AUTHORIZATION TO RECEIVE RELEVANT IN-
4	FORMATION.
5	"(a) In General.—Notwithstanding any other provi-
6	sion of law, a Federal or State agency or private entity
7	in possession of the sources of data directly relevant to eligi-
8	bility determinations under this title (including eligibility
9	files maintained by Express Lane agencies described in sec-
10	tion 1902(e)(13)(F), information described in paragraph
11	(2) or (3) of section 1137(a), vital records information
12	about births in any State, and information described in
13	sections 453(i) and 1902(a)(25)(I)) is authorized to convey
14	such data or information to the State agency administering
15	the State plan under this title, to the extent such conveyance
16	meets the requirements of subsection (b).
17	"(b) Requirements for Conveyance.—Data or in-
18	formation may be conveyed pursuant to subsection (a) only
19	if the following requirements are met:
20	"(1) The individual whose circumstances are de-
21	scribed in the data or information (or such individ-
22	ual's parent, guardian, caretaker relative, or author-
23	ized representative) has either provided advance con-
24	sent to disclosure or has not objected to disclosure

1	after receiving advance notice of disclosure and a rea-
2	sonable opportunity to object.
3	"(2) Such data or information are used solely for
4	the purposes of—
5	"(A) identifying individuals who are eligi-
6	ble or potentially eligible for medical assistance
7	under this title and enrolling or attempting to
8	enroll such individuals in the State plan; and
9	"(B) verifying the eligibility of individuals
10	for medical assistance under the State plan.
11	"(3) An interagency or other agreement, con-
12	sistent with standards developed by the Secretary—
13	"(A) prevents the unauthorized use, disclo-
14	sure, or modification of such data and otherwise
15	meets applicable Federal requirements safe-
16	guarding privacy and data security; and
17	"(B) requires the State agency admin-
18	istering the State plan to use the data and infor-
19	mation obtained under this section to seek to en-
20	roll individuals in the plan.
21	"(c) Penalties for Improper Disclosure.—
22	"(1) Civil money penalty.—A private entity
23	described in the subsection (a) that publishes, dis-
24	closes, or makes known in any manner, or to any ex-
25	tent not authorized by Federal law, any information

- 1 obtained under this section is subject to a civil money 2 penalty in an amount equal to \$10,000 for each such unauthorized publication or disclosure. The provisions 3 4 of section 1128A (other than subsections (a) and (b) and the second sentence of subsection (f) shall apply 5 6 to a civil money penalty under this paragraph in the 7 same manner as such provisions apply to a penalty 8 or proceeding under section 1128A(a).
- 9 "(2) Criminal Penalty.—A private entity de-10 scribed in the subsection (a) that willfully publishes, 11 discloses, or makes known in any manner, or to any 12 extent not authorized by Federal law, any informa-13 tion obtained under this section shall be fined not 14 more than \$10,000 or imprisoned not more than 1 15 year, or both, for each such unauthorized publication or disclosure. 16
- "(d) RULE OF CONSTRUCTION.—The limitations and requirements that apply to disclosure pursuant to this sec19 tion shall not be construed to prohibit the conveyance or
 20 disclosure of data or information otherwise permitted under
 21 Federal law (without regard to this section)."
- 22 (2) CONFORMING AMENDMENT TO TITLE XXI.—
 23 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)), as
 24 amended by subsection (a)(2), is amended by adding
 25 at the end the following new subparagraph:

1	"(F) Section 1939 (relating to authorization
2	to receive data directly relevant to eligibility de-
3	terminations).".
4	(3) Conforming amendment to provide ac-
5	CESS TO DATA ABOUT ENROLLMENT IN INSURANCE
6	FOR PURPOSES OF EVALUATING APPLICATIONS AND
7	FOR CHIP.—Section $1902(a)(25)(I)(i)$ (42 U.S.C.
8	1396a(a)(25)(I)(i)) is amended—
9	(A) by inserting "(and, at State option, in-
10	dividuals who apply or whose eligibility for med-
11	ical assistance is being evaluated in accordance
12	with section $1902(e)(13)(D)$)" after "with respect
13	to individuals who are eligible"; and
14	(B) by inserting "under this title (and, at
15	State option, child health assistance under title
16	XXI)" after "the State plan".
17	(e) Authorization for States Electing Express
18	Lane Option To Receive Certain Data Directly Rel-
19	EVANT TO DETERMINING ELIGIBILITY AND CORRECT
20	Amount of Assistance.—The Secretary shall enter into
21	such agreements as are necessary to permit a State that
22	elects the Express Lane option under section 1902(e)(13)
23	of the Social Security Act to receive data directly relevant
24	to eligibility determinations and determining the correct

1	amount of benefits under a State child health plan under
2	CHIP or a State plan under Medicaid from the following:
3	(1) The National Directory of New Hires estab-
4	lished under section 453(i) of the Social Security Act
5	$(42\ U.S.C.\ 653(i)).$
6	(2) Data regarding enrollment in insurance that
7	may help to facilitate outreach and enrollment under
8	the State Medicaid plan, the State CHIP plan, and
9	such other programs as the Secretary may specify.
10	(f) Effective Date.—The amendments made by this
11	section are effective on January 1, 2008.
12	Subtitle B—Reducing Barriers to
13	Enrollment
14	SEC. 211. VERIFICATION OF DECLARATION OF CITIZENSHIP
15	OR NATIONALITY FOR PURPOSES OF ELIGI-
16	BILITY FOR MEDICAID AND CHIP.
17	(a) State Option To Verify Declaration of Citi-
18	ZENSHIP OR NATIONALITY FOR PURPOSES OF ELIGIBILITY
19	FOR MEDICAID THROUGH VERIFICATION OF NAME AND SO-
20	CIAL SECURITY NUMBER.—
21	(1) Alternative to documentation require-
22	MENT.—
23	(A) In General.—Section 1902 (42 U.S.C.
24	1396a), as amended by section 203(c), is amend-
25	ed—

1	(i) in subsection (a)(46)—
2	(I) by inserting "(A)" after
3	"(46)";
4	(II) by adding "and" after the
5	semicolon; and
6	(III) by adding at the end the fol-
7	lowing new subparagraph:
8	"(B) provide, with respect to an individual de-
9	claring to be a citizen or national of the United
10	States for purposes of establishing eligibility under
11	this title, that the State shall satisfy the requirements
12	of
13	"(i) section $1903(x)$; or
14	"(ii) subsection (ee);"; and
15	(ii) by adding at the end the following
16	new subsection:
17	"(ee)(1) For purposes of subsection (a)(46)(B)(ii), the
18	requirements of this subsection with respect to an indi-
19	vidual declaring to be a citizen or national of the United
20	States for purposes of establishing eligibility under this
21	title, are, in lieu of requiring the individual to present sat-
22	is factory documentary evidence of citizenship or nationality
23	under section $1903(x)$ (if the individual is not described in
24	paragraph (2) of that section), as follows:

1	"(A) The State submits the name and social se-
2	curity number of the individual to the Commissioner
3	of Social Security as part of the program established
4	under paragraph (2).
5	"(B) If the State receives notice from the Com-
6	missioner of Social Security that the name or social
7	security number of the individual is invalid—
8	"(i) the State makes a reasonable effort to
9	identify and address the causes of such invalid
10	match, including through typographical or other
11	clerical errors, by contacting the individual to
12	confirm the accuracy of the name or social secu-
13	rity number, respectively, submitted, and by tak-
14	ing such additional actions as the Secretary,
15	through regulation or other guidance, or the
16	State may identify, and continues to provide the
17	individual with medical assistance while making
18	such effort; and
19	"(ii) in the case that the name or social se-
20	curity number of the individual remains invalid
21	after such reasonable efforts, the State—
22	"(I) notifies the individual of such
23	fact;
24	"(II) provides the individual with a
25	period of 90 days from the date on which

1 the notice required under subclause (I) is 2 received by the individual to either present 3 satisfactory documentary evidence of citi-4 zenship or nationality (as defined in section 5 1903(x)(3)) or cure the invalid determina-6 tion with the Commissioner of Social Security (and continues to provide the indi-7 8 vidual with medical assistance during such 9 90-day period); and 10 "(III) disenrolls the individual from 11 the State plan under this title within 30 12 days after the end of such 90-day period if 13 no such documentary evidence is presented 14 or if such invalid determination is not 15 cured. "(2)(A) Each State electing to satisfy the requirements 16 of this subsection for purposes of section 1902(a)(46)(B)18 shall establish a program under which the State submits 19 each month to the Commissioner of Social Security for verification the name and social security number of each 20 21 individual newly enrolled in the State plan under this title 22 that month who is not described in section 1903(x)(2). 23 "(B) In establishing the State program under this paragraph, the State may enter into an agreement with the Commissioner of Social Security—

- "(i) to provide for the electronic submission and
 verification, through an on-line system or otherwise,
 of the name and social security number of an individual enrolled in the State plan under this title;
 - "(ii) to submit to the Commissioner the names and social security numbers of such individuals on a batch basis, provided that such batches are submitted at least on a monthly basis; or
 - "(iii) to provide for the verification of the names and social security numbers of such individuals through such other method as agreed to by the State and the Commissioner and approved by the Secretary, provided that such method is no more burdensome for individuals to comply with than any burdens that may apply under a method described in clause (i) or (ii).
- 17 "(C) The program established under this paragraph shall provide that, in the case of any individual who is re-18 auired to submit a social security number to the State 19 20 under subparagraph (A) and who is unable to provide the 21 State with such number, shall be provided with at least the 22 reasonable opportunity to present satisfactory documentary 23 evidence of citizenship or nationality (as defined in section 1903(x)(3)) as is provided under clauses (i) and (ii) of section 1137(d)(4)(A) to an individual for the submittal to the

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1	State of evidence indicating a satisfactory immigration sta-
2	tus.
3	"(3)(A) The State agency implementing the plan ap-
4	proved under this title shall, at such times and in such form
5	as the Secretary may specify, provide information on the
6	percentage each month that the invalid names and numbers
7	submitted bears to the total submitted for verification. For
8	purposes of the previous sentence, a name or social security
9	number of an individual shall be treated as invalid and
10	included in the determination of such percentage only if—
11	"(i) the name or social security number, respec-
12	tively, submitted by the individual does not match
13	$Social\ Security\ Administration\ records;$
14	"(ii) the inconsistency between the name or num-
15	ber, respectively, so submitted and the Social Security
16	Administration records could not be resolved by the
17	State;
18	"(iii) the individual was provided with a rea-
19	sonable period of time to resolve the inconsistency
20	with the Social Security Administration or provide
21	satisfactory documentation of citizenship and did not
22	successfully resolve such inconsistency; and
23	"(iv) payment has been made for an item or
24	service furnished to the individual under this title.

- 1 "(B) If, for any fiscal year, the average monthly per-
- 2 centage determined under subparagraph (A) is greater than
- 3 3 percent—
- 4 "(i) the State shall develop and adopt a correc-
- 5 tive plan to review its procedures for verifying the
- 6 identities of individuals seeking to enroll in the State
- 7 plan under this title and to identify and implement
- 8 changes in such procedures to improve their accuracy;
- 9 and
- "(ii) pay to the Secretary an amount equal to
- 11 the amount which bears the same ratio to the total
- 12 payments under the State plan for the fiscal year for
- providing medical assistance to individuals who pro-
- vided invalid information as the number of individ-
- uals with invalid information in excess of 3 percent
- of such total submitted bears to the total number of
- individuals with invalid information.
- 18 "(C) The Secretary may waive, in certain limited
- 19 cases, all or part of the payment under subparagraph
- 20 (B)(ii) if the State is unable to reach the allowable error
- 21 rate despite a good faith effort by such State.
- 22 "(D) This paragraph shall not apply to a State for
- 23 a fiscal year if there is an agreement described in para-
- 24 graph (2)(B) in effect as of the close of the fiscal year.

1	"(4) Nothing in this subsection shall affect the rights
2	of any individual under this title to appeal any
3	disenrollment from a State plan.".
4	(B) Costs of implementing and main-
5	TAINING SYSTEM.—Section $1903(a)(3)$ (42)
6	$U.S.C.\ 1396b(a)(3)) \ is \ amended$ —
7	(i) by striking "plus" at the end of
8	subparagraph (E) and inserting "and", and
9	(ii) by adding at the end the following
10	new subparagraph:
11	" $(F)(i)$ 90 percent of the sums expended
12	during the quarter as are attributable to the de-
13	sign, development, or installation of such mecha-
14	nized verification and information retrieval sys-
15	tems as the Secretary determines are necessary to
16	implement section 1902(ee) (including a system
17	described in paragraph (2)(B) thereof), and
18	"(ii) 75 percent of the sums expended dur-
19	ing the quarter as are attributable to the oper-
20	ation of systems to which clause (i) applies,
21	plus".
22	(2) Limitation on waiver authority.—Not-
23	withstanding any provision of section 1115 of the So-
24	cial Security Act (42 U.S.C. 1315), or any other pro-
25	vision of law, the Secretary may not waive the re-

1	quirements of section $1902(a)(46)(B)$ of such Act (42)
2	$U.S.C.\ 1396a(a)(46)(B))$ with respect to a State.
3	(3) Conforming amendments.—Section 1903
4	(42 U.S.C. 1396b) is amended—
5	(A) in subsection (i)(22), by striking "sub-
6	section (x) " and inserting "section
7	1902(a)(46)(B)"; and
8	(B) in subsection $(x)(1)$, by striking "sub-
9	section (i)(22)" and $inserting$ "section
10	1902(a)(46)(B)(i)".
11	(b) Clarification of Requirements Relating to
12	Presentation of Satisfactory Documentary Evi-
13	DENCE OF CITIZENSHIP OR NATIONALITY.—
14	(1) Acceptance of documentary evidence
15	ISSUED BY A FEDERALLY RECOGNIZED INDIAN
16	TRIBE.—Section $1903(x)(3)(B)$ (42 U.S.C.
17	1396b(x)(3)(B)) is amended—
18	(A) by redesignating clause (v) as clause
19	(vi); and
20	(B) by inserting after clause (iv), the fol-
21	lowing new clause:
22	" $(v)(I)$ Except as provided in subclause (II), a
23	document issued by a federally recognized Indian
24	tribe evidencing membership or enrollment in, or af-

filiation with, such tribe (such as a tribal enrollment
 card or certificate of degree of Indian blood).

"(II) With respect to those federally recognized Indian tribes located within States having an international border whose membership includes individuals who are not citizens of the United States, the Secretary shall, after consulting with such tribes, issue regulations authorizing the presentation of such other forms of documentation (including tribal documentation, if appropriate) that the Secretary determines to be satisfactory documentary evidence of citizenship or nationality for purposes of satisfying the requirement of this subsection."

(2) REQUIREMENT TO PROVIDE REASONABLE OP-PORTUNITY TO PRESENT SATISFACTORY DOCUMEN-TARY EVIDENCE.—Section 1903(x) (42 U.S.C. 1396b(x)) is amended by adding at the end the following new paragraph:

"(4) In the case of an individual declaring to be a 20 citizen or national of the United States with respect to 21 whom a State requires the presentation of satisfactory docu-22 mentary evidence of citizenship or nationality under section 23 1902(a)(46)(B)(i), the individual shall be provided at least 24 the reasonable opportunity to present satisfactory documen-25 tary evidence of citizenship or nationality under this sub-

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1	section as is provided under clauses (i) and (ii) of section
2	1137(d)(4)(A) to an individual for the submittal to the
3	State of evidence indicating a satisfactory immigration sta-
4	tus.".
5	(3) Children born in the united states to
6	MOTHERS ELIGIBLE FOR MEDICAID.—
7	(A) CLARIFICATION OF RULES.—Section
8	1903(x) (42 U.S.C. $1396b(x)$), as amended by
9	paragraph (2), is amended—
10	(i) in paragraph (2)—
11	(I) in subparagraph (C), by strik-
12	ing "or" at the end;
13	(II) by redesignating subpara-
14	graph (D) as subparagraph (E); and
15	(III) by inserting after subpara-
16	graph (C) the following new subpara-
17	graph:
18	"(D) pursuant to the application of section
19	1902(e)(4) (and, in the case of an individual who is
20	eligible for medical assistance on such basis, the indi-
21	vidual shall be deemed to have provided satisfactory
22	documentary evidence of citizenship or nationality
23	and shall not be required to provide further documen-
24	tary evidence on any date that occurs during or after

1	the period in which the individual is eligible for med-
2	ical assistance on such basis); or"; and
3	(ii) by adding at the end the following
4	new paragraph:
5	"(5) Nothing in subparagraph (A) or (B) of section
6	1902(a)(46), the preceding paragraphs of this subsection,
7	or the Deficit Reduction Act of 2005, including section 6036
8	of such Act, shall be construed as changing the requirement
9	of section 1902(e)(4) that a child born in the United States
10	to an alien mother for whom medical assistance for the de-
11	livery of such child is available as treatment of an emer-
12	gency medical condition pursuant to subsection (v) shall be
13	deemed eligible for medical assistance during the first year
14	of such child's life.".
15	(B) State requirement to issue sepa-
16	RATE IDENTIFICATION NUMBER.—Section
17	1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended
18	by adding at the end the following new sentence:
19	"Notwithstanding the preceding sentence, in the
20	case of a child who is born in the United States
21	to an alien mother for whom medical assistance
22	for the delivery of the child is made available
23	pursuant to section 1903(v), the State imme-
24	diately shall issue a separate identification num-
25	ber for the child upon notification by the facility

1	at which such delivery occurred of the child's
2	birth.".
3	(4) TECHNICAL AMENDMENTS.—Section
4	1903(x)(2) (42 U.S.C. 1396b(x)) is amended—
5	$(A) \ in \ subparagraph \ (B)$ —
6	(i) by realigning the left margin of the
7	matter preceding clause (i) 2 ems to the left;
8	and
9	(ii) by realigning the left margins of
10	clauses (i) and (ii), respectively, 2 ems to
11	the left; and
12	(B) in subparagraph (C)—
13	(i) by realigning the left margin of the
14	matter preceding clause (i) 2 ems to the left;
15	and
16	(ii) by realigning the left margins of
17	clauses (i) and (ii), respectively, 2 ems to
18	$the\ left.$
19	(c) Application of Documentation System to
20	CHIP.—
21	(1) In General.—Section 2105(c) (42 U.S.C.
22	1397ee(c)), as amended by sections $114(a)$ and $116(c)$,
23	is amended by adding at the end the following new
24	paragraph:

1	"(10) CITIZENSHIP DOCUMENTATION REQUIRE-
2	MENTS.—
3	"(A) In General.—No payment may be
4	made under this section with respect to an indi-
5	vidual who has, or is, declared to be a citizen or
6	national of the United States for purposes of es-
7	tablishing eligibility under this title unless the
8	State meets the requirements of section
9	1902(a)(46)(B) with respect to the individual.
10	"(B) Enhanced payments.—Notwith-
11	standing subsection (b), the enhanced FMAP
12	with respect to payments under subsection (a)
13	for expenditures described in clause (i) or (ii) of
14	section $1903(a)(3)(F)$ necessary to comply with
15	subparagraph (A) shall in no event be less than
16	90 percent and 75 percent, respectively.".
17	(2) Nonapplication of administrative ex-
18	PENDITURES CAP.—Section $2105(c)(2)(C)$ (42 U.S.C.
19	1397ee(c)(2)(C)), as amended by section $202(b)$, is
20	amended by adding at the end the following:
21	"(ii) Expenditures to comply with
22	CITIZENSHIP OR NATIONALITY VERIFICATION
23	REQUIREMENTS.—Expenditures necessary
24	for the State to comply with paragraph
25	(9)(A).".

1	(d) Effective Date.—
2	(1) In General.—
3	(A) In general.—Except as provided in
4	subparagraph (B), the amendments made by this
5	section shall take effect on October 1, 2008.
6	(B) TECHNICAL AMENDMENTS.—The
7	amendments made by—
8	(i) paragraphs (1), (2), and (3) of sub-
9	section (b) shall take effect as if included in
10	the enactment of section 6036 of the Deficit
11	Reduction Act of 2005 (Public Law 109-
12	171; 120 Stat. 80); and
13	(ii) paragraph (4) of subsection (b)
14	shall take effect as if included in the enact-
15	ment of section 405 of division B of the Tax
16	Relief and Health Care Act of 2006 (Public
17	Law 109–432; 120 Stat. 2996).
18	(2) Restoration of eligibility.—In the case
19	of an individual who, during the period that began
20	on July 1, 2006, and ends on October 1, 2008, was
21	determined to be ineligible for medical assistance
22	under a State Medicaid plan, including any waiver
23	of such plan, solely as a result of the application of
24	subsections (i)(22) and (x) of section 1903 of the So-
25	cial Security Act (as in effect during such period),

but who would have been determined eligible for such
assistance if such subsections, as amended by subsection (b), had applied to the individual, a State
may deem the individual to be eligible for such assistance as of the date that the individual was determined to be ineligible for such medical assistance on
such basis.

(3) Special transition rule for indians.—
During the period that begins on July 1, 2006, and ends on the effective date of final regulations issued under subclause (II) of section 1903(x)(3)(B)(v) of the Social Security Act (42 U.S.C. 1396b(x)(3)(B)(v)) (as added by subsection (b)(1)(B)), an individual who is a member of a federally-recognized Indian tribe described in subclause (II) of that section who presents a document described in subclause (I) of such section that is issued by such Indian tribe, shall be deemed to have presented satisfactory evidence of citizenship or nationality for purposes of satisfying the requirement of subsection (x) of section 1903 of such Act.

21 SEC. 212. REDUCING ADMINISTRATIVE BARRIERS TO EN-

- **ROLLMENT**.
- 23 Section 2102(b) (42 U.S.C. 1397bb(b)) is amended—
- 24 (1) by redesignating paragraph (4) as para-
- 25 graph (5); and

1	(2) by inserting after paragraph (3) the fol-
2	lowing new paragraph:
3	"(4) Reduction of Administrative Barriers
4	TO ENROLLMENT.—
5	"(A) In General.—Subject to subpara-
6	graph (B), the plan shall include a description
7	of the procedures used to reduce administrative
8	barriers to the enrollment of children and preg-
9	nant women who are eligible for medical assist-
10	ance under title XIX or for child health assist-
11	ance or health benefits coverage under this title.
12	Such procedures shall be established and revised
13	as often as the State determines appropriate to
14	take into account the most recent information
15	available to the State identifying such barriers.
16	"(B) Deemed compliance if joint appli-
17	CATION AND RENEWAL PROCESS THAT PERMITS
18	APPLICATION OTHER THAN IN PERSON.—A State
19	shall be deemed to comply with subparagraph
20	(A) if the State's application and renewal forms
21	and supplemental forms (if any) and informa-
22	tion verification process is the same for purposes
23	of establishing and renewing eligibility for chil-
24	dren and pregnant women for medical assistance
25	under title XIX and child health assistance

1	under this title, and such process does not re-
2	quire an application to be made in person or a
3	face-to-face interview.".
4	SEC. 213. MODEL OF INTERSTATE COORDINATED ENROLL-
5	MENT AND COVERAGE PROCESS.
6	(a) In General.—In order to assure continuity of
7	coverage of low-income children under the Medicaid pro-
8	gram and the State Children's Health Insurance Program
9	(CHIP), not later than 18 months after the date of the en-
10	actment of this Act, the Secretary of Health and Human
11	Services, in consultation with State Medicaid and CHIP
12	directors and organizations representing program bene-
13	ficiaries, shall develop a model process for the coordination
14	of the enrollment, retention, and coverage under such pro-
15	grams of children who, because of migration of families,
16	emergency evacuations, natural or other disasters, public
17	health emergencies, educational needs, or otherwise, fre-
18	quently change their State of residency or otherwise are
19	temporarily located outside of the State of their residency.
20	(b) Report to Congress.—After development of such
21	model process, the Secretary of Health and Human Services
22	shall submit to Congress a report describing additional
23	steps or authority needed to make further improvements to
24	coordinate the enrollment, retention, and coverage under
25	CHIP and Medicaid of children described in subsection (a).

1	TITLE III—REDUCING BARRIERS
2	TO PROVIDING PREMIUM AS-
3	SISTANCE
4	$Subtitle \ A-\!$
5	for Providing Premium Assistance
6	SEC. 301. ADDITIONAL STATE OPTION FOR PROVIDING PRE-
7	MIUM ASSISTANCE.
8	(a) CHIP.—
9	(1) In General.—Section 2105(c) (42 U.S.C.
10	1397ee(c)), as amended by sections $114(a)$, $116(c)$,
11	and 211(c), is amended by adding at the end the fol-
12	lowing:
13	"(11) State option to offer premium as-
14	SISTANCE.—
15	"(A) In general.—A State may elect to
16	offer a premium assistance subsidy (as defined
17	in subparagraph (C)) for qualified employer-
18	sponsored coverage (as defined in subparagraph
19	(B)) to all targeted low-income children who are
20	eligible for child health assistance under the plan
21	and have access to such coverage in accordance
22	with the requirements of this paragraph. No sub-
23	sidy shall be provided to a targeted low-income
24	child under this paragraph unless the child (or
25	the child's parent) voluntarily elects to receive

1	such a subsidy. A State may not require such an
2	election as a condition of receipt of child health
3	assistance.
4	"(B) Qualified employer-sponsored
5	COVERAGE.—
6	"(i) In general.—Subject to clause
7	(ii), in this paragraph, the term 'qualified
8	employer-sponsored coverage' means a
9	group health plan or health insurance cov-
10	erage offered through an employer—
11	"(I) that qualifies as creditable
12	coverage as a group health plan under
13	section $2701(c)(1)$ of the Public Health
14	$Service\ Act;$
15	"(II) for which the employer con-
16	tribution toward any premium for
17	such coverage is at least 40 percent;
18	and
19	"(III) that is offered to all indi-
20	viduals in a manner that would be
21	considered a nondiscriminatory eligi-
22	bility classification for purposes of
23	paragraph (3)(A)(ii) of section 105(h)
24	of the Internal Revenue Code of 1986
25	(but determined without regard to

1	clause (i) of subparagraph (B) of such
2	paragraph).
3	"(ii) Exception.—Such term does not
4	include coverage consisting of—
5	"(I) benefits provided under a
6	health flexible spending arrangement
7	(as defined in section $106(c)(2)$ of the
8	Internal Revenue Code of 1986); or
9	"(II) a high deductible health
10	plan (as defined in section $223(c)(2)$ of
11	such Code), without regard to whether
12	the plan is purchased in conjunction
13	with a health savings account (as de-
14	fined under section 223(d) of such
15	Code).
16	"(C) Premium assistance subsidy.—
17	"(i) In general.—In this paragraph,
18	the term 'premium assistance subsidy'
19	means, with respect to a targeted low-in-
20	come child, the amount equal to the dif-
21	ference between the employee contribution
22	required for enrollment only of the employee
23	under qualified employer-sponsored coverage
24	and the employee contribution required for
25	enrollment of the employee and the child in

such coverage, less any applicable premium cost-sharing applied under the State child health plan (subject to the limitations imposed under section 2103(e), including the requirement to count the total amount of the employee contribution required for enrollment of the employee and the child in such coverage toward the annual aggregate cost-sharing limit applied under paragraph (3)(B) of such section).

"(ii) State payment option.—A State may provide a premium assistance subsidy either as reimbursement to an employee for out-of-pocket expenditures or, subject to clause (iii), directly to the employee's employer.

"(iii) Employer opt-out.—An employer may notify a State that it elects to opt-out of being directly paid a premium assistance subsidy on behalf of an employee. In the event of such a notification, an employer shall withhold the total amount of the employee contribution required for enrollment of the employee and the child in the qualified employer-sponsored coverage

1	and the State shall pay the premium assist-
2	ance subsidy directly to the employee.
3	"(iv) Treatment as child health
4	Assistance.—Expenditures for the provi-
5	sion of premium assistance subsidies shall
6	be considered child health assistance de-
7	scribed in $paragraph$ (1)(C) of $subsection$
8	(a) for purposes of making payments under
9	that subsection.
10	"(D) Application of Secondary Payor
11	RULES.—The State shall be a secondary payor
12	for any items or services provided under the
13	qualified employer-sponsored coverage for which
14	the State provides child health assistance under
15	the State child health plan.
16	"(E) Requirement to provide supple-
17	MENTAL COVERAGE FOR BENEFITS AND COST-
18	SHARING PROTECTION PROVIDED UNDER THE
19	STATE CHILD HEALTH PLAN.—
20	"(i) In General.—Notwithstanding
21	section $2110(b)(1)(C)$, the State shall pro-
22	vide for each targeted low-income child en-
23	rolled in qualified employer-sponsored cov-
24	erage, supplemental coverage consisting of—

1 "(I) item	s or services that are not
2 covered, or ar	re only partially covered,
3 under the qua	lified employer-sponsored
4 coverage; and	
5 "(II) cos	t-sharing protection con-
6 sistent with se	ection 2103(e).
7 "(ii) Recor	D KEEPING REQUIRE-
8 MENTS.—For pur	poses of carrying out
9 clause (i), a State	may elect to directly pay
10 out-of-pocket exper	nditures for cost-sharing
imposed under the	qualified employer-spon-
sored coverage and	l collect or not collect all
or any portion of	such expenditures from
the parent of the ch	vild.
15 "(F) APPLICATION	OF WAITING PERIOD IM-
16 POSED UNDER THE STA	TE.—Any waiting period
imposed under the Stat	e child health plan prior
to the provision of chil	ld health assistance to a
19 targeted low-income chi	ild under the State plan
shall apply to the same	e extent to the provision
of a premium assistan	ce subsidy for the child
22 under this paragraph.	
23 "(G) OPT-OUT	PERMITTED FOR ANY
24 MONTH.—A State shall	l establish a process for
25 permitting the parent of	of a taracted low-income

child receiving a premium assistance subsidy to disenroll the child from the qualified employer-sponsored coverage and enroll the child in, and receive child health assistance under, the State child health plan, effective on the first day of any month for which the child is eligible for such assistance and in a manner that ensures continuity of coverage for the child.

"(H) APPLICATION TO PARENTS.—If a State provides child health assistance or health benefits coverage to parents of a targeted low-income child in accordance with section 2111(b), the State may elect to offer a premium assistance subsidy to a parent of a targeted low-income child who is eligible for such a subsidy under this paragraph in the same manner as the State offers such a subsidy for the enrollment of the child in qualified employer-sponsored coverage, except that—

"(i) the amount of the premium assistance subsidy shall be increased to take into account the cost of the enrollment of the parent in the qualified employer-sponsored coverage or, at the option of the State if the State determines it cost-effective, the cost of

1	the enrollment of the child's family in such
2	coverage; and
3	"(ii) any reference in this paragraph
4	to a child is deemed to include a reference
5	to the parent or, if applicable under clause
6	(i), the family of the child.
7	"(I) Additional state option for pro-
8	VIDING PREMIUM ASSISTANCE.—
9	"(i) In general.—A State may estab-
10	lish an employer-family premium assistance
11	purchasing pool for employers with less
12	than 250 employees who have at least 1 em-
13	ployee who is a pregnant woman eligible for
14	assistance under the State child health plan
15	(including through the application of an
16	option described in section 2112(f)) or a
17	member of a family with at least 1 targeted
18	low-income child and to provide a premium
19	assistance subsidy under this paragraph for
20	enrollment in coverage made available
21	through such pool.
22	"(ii) Access to choice of cov-
23	ERAGE.—A State that elects the option
24	under clause (i) shall identify and offer ac-
25	cess to not less than 2 private health plans

that are health benefits coverage that is
equivalent to the benefits coverage in a
benchmark benefit package described in section 2103(b) or benchmark-equivalent coverage that meets the requirements of section
2103(a)(2) for employees described in clause
(i).

"(iii) Clarification of Payment for administrative expenditures.—Nothing in this subparagraph shall be construed as permitting payment under this section for administrative expenditures attributable to the establishment or operation of such pool, except to the extent that such payment would otherwise be permitted under this title.

"(J) NO EFFECT ON PREMIUM ASSISTANCE
WAIVER PROGRAMS.—Nothing in this paragraph
shall be construed as limiting the authority of a
State to offer premium assistance under section
1906 or 1906A, a waiver described in paragraph
(2)(B) or (3), a waiver approved under section
1115, or other authority in effect prior to the
date of enactment of the Children's Health Insurance Program Reauthorization Act of 2007.

1	"(K) Notice of availability.—If a State
2	elects to provide premium assistance subsidies in
3	accordance with this paragraph, the State
4	shall—
5	"(i) include on any application or en-
6	rollment form for child health assistance a
7	notice of the availability of premium assist-
8	ance subsidies for the enrollment of targeted
9	low-income children in qualified employer-
10	sponsored coverage;
11	"(ii) provide, as part of the applica-
12	tion and enrollment process under the State
13	child health plan, information describing
14	the availability of such subsidies and how to
15	elect to obtain such a subsidy; and
16	"(iii) establish such other procedures as
17	the State determines necessary to ensure
18	that parents are fully informed of the
19	choices for receiving child health assistance
20	under the State child health plan or through
21	the receipt of premium assistance subsidies.
22	"(L) Application to qualified em-
23	PLOYER-SPONSORED BENCHMARK COVERAGE.—If
24	a group health plan or health insurance coverage
25	offered through an employer is certified by an

1 actuary as health benefits coverage that is equiv-2 alent to the benefits coverage in a benchmark benefit package described in section 2103(b) or 3 4 benchmark-equivalent coverage that meets the re-5 quirements of section 2103(a)(2), the State may 6 provide premium assistance subsidies for enroll-7 ment of targeted low-income children in such 8 group health plan or health insurance coverage 9 in the same manner as such subsidies are pro-10 vided under this paragraph for enrollment in qualified employer-sponsored coverage, but with-12 out regard to the requirement to provide supple-13 mental coverage for benefits and cost-sharing 14 protection provided under the State child health 15 plan under subparagraph (E).

- "(M) Satisfaction of cost-effective-NESS TEST.—Premium assistance subsidies for qualified employer-sponsored coverage offered under this paragraph shall be deemed to meet the requirement of subparagraph (A) of paragraph (3).".
- (2) Determination of cost-effectiveness FOR PREMIUM ASSISTANCE OR PURCHASE OF FAMILY COVERAGE.—

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1	(A) In General.—Section $2105(c)(3)(A)$
2	(42 U.S.C. $1397ee(c)(3)(A)$) is amended by strik-
3	ing "relative to" and all that follows through the
4	comma and inserting "relative to
5	"(i) the amount of expenditures under
6	the State child health plan, including ad-
7	ministrative expenditures, that the State
8	would have made to provide comparable
9	coverage of the targeted low-income child in-
10	volved or the family involved (as applica-
11	ble); or
12	"(ii) the aggregate amount of expendi-
13	tures that the State would have made under
14	the State child health plan, including ad-
15	ministrative expenditures, for providing
16	coverage under such plan for all such chil-
17	dren or families.".
18	(B) Nonapplication to previously ap-
19	PROVED COVERAGE.—The amendment made by
20	subparagraph (A) shall not apply to coverage the
21	purchase of which has been approved by the Sec-
22	retary under section 2105(c)(3) of the Social Se-
23	curity Act prior to the date of enactment of this
24	Act.

1	(b) Medicaid.—Title XIX is amended by inserting
2	after section 1906 the following new section:
3	"PREMIUM ASSISTANCE OPTION FOR CHILDREN
4	"Sec. 1906A. (a) In General.—A State may elect to
5	offer a premium assistance subsidy (as defined in subsection
6	(c)) for qualified employer-sponsored coverage (as defined
7	in subsection (b)) to all individuals under age 19 who are
8	entitled to medical assistance under this title (and to the
9	parent of such an individual) who have access to such cov-
10	erage if the State meets the requirements of this section.
11	"(b) Qualified Employer-Sponsored Coverage.—
12	"(1) In general.—Subject to paragraph (2)),
13	in this paragraph, the term 'qualified employer-spon-
14	sored coverage' means a group health plan or health
15	insurance coverage offered through an employer—
16	"(A) that qualifies as creditable coverage as
17	a group health plan under section $2701(c)(1)$ of
18	the Public Health Service Act;
19	"(B) for which the employer contribution
20	toward any premium for such coverage is at
21	least 40 percent; and
22	"(C) that is offered to all individuals in a
23	manner that would be considered a nondiscrim-
24	inatory eligibility classification for purposes of
25	paragraph (3)(A)(ii) of section 105(h) of the In-
26	ternal Revenue Code of 1986 (but determined

1	without regard to clause (i) of subparagraph (B)
2	of such paragraph).
3	"(2) Exception.—Such term does not include
4	coverage consisting of—
5	"(A) benefits provided under a health flexi-
6	ble spending arrangement (as defined in section
7	106(c)(2) of the Internal Revenue Code of 1986);
8	or
9	"(B) a high deductible health plan (as de-
10	fined in section 223(c)(2) of such Code), without
11	regard to whether the plan is purchased in con-
12	junction with a health savings account (as de-
13	fined under section 223(d) of such Code).
14	"(3) Treatment as third party liability.—
15	The State shall treat the coverage provided under
16	qualified employer-sponsored coverage as a third
17	party liability under section $1902(a)(25)$.
18	"(c) Premium Assistance Subsidy.—In this section,
19	the term 'premium assistance subsidy' means the amount
20	of the employee contribution for enrollment in the qualified
21	employer-sponsored coverage by the individual under age
22	19 or by the individual's family. Premium assistance sub-
23	sidies under this section shall be considered, for purposes
24	of section 1903(a), to be a payment for medical assistance.
25	"(d) Voluntary Participation.—

- "(1) EMPLOYERS.—Participation by an employer in a premium assistance subsidy offered by a

 State under this section shall be voluntary. An employer may notify a State that it elects to opt-out of being directly paid a premium assistance subsidy on behalf of an employee.
 - "(2) Beneficiaries.—No subsidy shall be provided to an individual under age 19 under this section unless the individual (or the individual's parent) voluntarily elects to receive such a subsidy. A State may not require such an election as a condition of receipt of medical assistance. State may not require, as a condition of an individual under age 19 (or the individual's parent) being or remaining eligible for medical assistance under this title, apply for enrollment in qualified employer-sponsored coverage under this section.
 - "(3) OPT-OUT PERMITTED FOR ANY MONTH.—A
 State shall establish a process for permitting the parent of an individual under age 19 receiving a premium assistance subsidy to disenroll the individual from the qualified employer-sponsored coverage.
- 23 "(e) Requirement to Pay Premiums and Cost-24 Sharing and Provide Supplemental Coverage.—In 25 the case of the participation of an individual under age

- 1 19 (or the individual's parent) in a premium assistance
- 2 subsidy under this section for qualified employer-sponsored
- 3 coverage, the State shall provide for payment of all enrollee
- 4 premiums for enrollment in such coverage and all
- 5 deductibles, coinsurance, and other cost-sharing obligations
- 6 for items and services otherwise covered under the State
- 7 plan under this title (exceeding the amount otherwise per-
- 8 mitted under section 1916 or, if applicable, section 1916A).
- 9 The fact that an individual under age 19 (or a parent)
- 10 elects to enroll in qualified employer-sponsored coverage
- 11 under this section shall not change the individual's (or par-
- 12 ent's) eligibility for medical assistance under the State
- 13 plan, except insofar as section 1902(a)(25) provides that
- 14 payments for such assistance shall first be made under such
- 15 coverage.".
- 16 (c) GAO Study and Report.—Not later than Janu-
- 17 ary 1, 2009, the Comptroller General of the United States
- 18 shall study cost and coverage issues relating to any State
- 19 premium assistance programs for which Federal matching
- 20 payments are made under title XIX or XXI of the Social
- 21 Security Act, including under waiver authority, and shall
- 22 submit a report to the Committee on Finance of the Senate
- 23 and the Committee on Energy and Commerce of the House
- 24 of Representatives on the results of such study.

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- 2 SISTANCE.
- 3 (a) Requirement To Include Description of
- 4 Outreach, Education, and Enrollment Efforts Re-
- 5 Lated to Premium Assistance Subsidies in State
- 6 Child Health Plan.—Section 2102(c) (42 U.S.C.
- 7 1397bb(c)) is amended by adding at the end the following
- 8 new paragraph:
- 9 "(3) Premium assistance subsidies.—In the
- case of a State that provides for premium assistance
- 11 subsidies under the State child health plan in accord-
- 12 ance with paragraph (2)(B), (3), or (10) of section
- 13 2105(c), or a waiver approved under section 1115,
- 14 outreach, education, and enrollment assistance for
- families of children likely to be eligible for such sub-
- sidies, to inform such families of the availability of,
- and to assist them in enrolling their children in, such
- subsidies, and for employers likely to provide coverage
- that is eligible for such subsidies, including the spe-
- 20 cific, significant resources the State intends to apply
- 21 to educate employers about the availability of pre-
- 22 mium assistance subsidies under the State child
- 23 health plan.".
- 24 (b) Nonapplication of 10 Percent Limit on Out-
- 25 Reach and Certain Other Expenditures.—Section
- **26** 2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as amended by

1 section 301(c)(2), is amended by adding at the end the following new clause:

3 "(iv) Expenditures for outreach TO INCREASE THE ENROLLMENT OF CHIL-DREN UNDER THIS TITLE AND TITLE xix 6 THROUGHPREMIUM ASSISTANCE SUB-7 SIDIES.—Expenditures for outreach activi-8 ties to families of children likely to be eligi-9 ble for premium assistance subsidies in ac-10 cordance with paragraph (2)(B), (3), or 11 (10), or a waiver approved under section 12 1115, to inform such families of the avail-13 ability of, and to assist them in enrolling 14 their children in, such subsidies, and to em-15 ployers likely to provide qualified employer-16 sponsored coverage (as defined in subpara-17 graph (B) of such paragraph), but not to 18 exceed an amount equal to 1.25 percent of 19 the maximum amount permitted to be ex-20 pended under subparagraph (A) for items 21 described in subsection (a)(1)(D).".

1	Subtitle B—Coordinating Premium
2	Assistance With Private Coverage
3	SEC. 311. SPECIAL ENROLLMENT PERIOD UNDER GROUP
4	HEALTH PLANS IN CASE OF TERMINATION OF
5	MEDICAID OR CHIP COVERAGE OR ELIGI-
6	BILITY FOR ASSISTANCE IN PURCHASE OF
7	EMPLOYMENT-BASED COVERAGE; COORDINA-
8	TION OF COVERAGE.
9	(a) Amendments to Internal Revenue Code of
10	1986.—Section 9801(f) of the Internal Revenue Code of
11	1986 (relating to special enrollment periods) is amended
12	by adding at the end the following new paragraph:
13	"(3) Special rules relating to medicaid
14	AND CHIP.—
15	"(A) In general.—A group health plan
16	shall permit an employee who is eligible, but not
17	enrolled, for coverage under the terms of the plan
18	(or a dependent of such an employee if the de-
19	pendent is eligible, but not enrolled, for coverage
20	under such terms) to enroll for coverage under
21	the terms of the plan if either of the following
22	conditions is met:
23	"(i) TERMINATION OF MEDICAID OR
24	CHIP COVERAGE.—The employee or depend-
25	ent is covered under a Medicaid plan under

1 title XIX of the Social Security Act or 2 under a State child health plan under title XXI of such Act and coverage of the em-3 4 ployee or dependent under such a plan is terminated as a result of loss of eligibility 6 for such coverage and the employee requests 7 coverage under the group health plan not 8 later than 60 days after the date of termi-9 nation of such coverage. "(ii) Eligibility for employment 10 11 ASSISTANCE UNDER MEDICAID OR CHIP.— 12 The employee or dependent becomes eligible 13 for assistance, with respect to coverage 14 under the group health plan under such 15 Medicaid plan or State child health plan 16 (including under any waiver or demonstra-17 tion project conducted under or in relation 18 to such a plan), if the employee requests 19 coverage under the group health plan not 20 later than 60 days after the date the em-21 ployee or dependent is determined to be eli-22 gible for such assistance. 23 "(B) Employee outreach and disclo-

SURE.—

1	"(i) Outreach to employees re-
2	GARDING AVAILABILITY OF MEDICAID AND
3	CHIP COVERAGE.—
4	"(I) In General.—Each em-
5	ployer that maintains a group health
6	plan in a State that provides medical
7	assistance under a State Medicaid
8	plan under title XIX of the Social Se-
9	curity Act, or child health assistance
10	under a State child health plan under
11	title XXI of such Act, in the form of
12	premium assistance for the purchase of
13	coverage under a group health plan,
14	shall provide to each employee a writ-
15	ten notice informing the employee of
16	potential opportunities then currently
17	available in the State in which the em-
18	ployee resides for premium assistance
19	under such plans for health coverage of
20	the employee or the employee's depend-
21	ents. For purposes of compliance with
22	this clause, the employer may use any
23	State-specific model notice developed in
24	accordance with section
25	701(f)(3)(B)(i)(II) of the Employee Re-

1	tirement Income Security Act of 1974
2	$(29\ U.S.C.\ 1181(f)(3)(B)(i)(II)).$
3	"(II) Option to provide con-
4	CURRENT WITH PROVISION OF PLAN
5	materials to employee.—An em-
6	ployer may provide the model notice
7	applicable to the State in which an
8	employee resides concurrent with the
9	furnishing of materials notifying the
10	employee of health plan eligibility, con-
11	current with materials provided to the
12	employee in connection with an open
13	season or election process conducted
14	under the plan, or concurrent with the
15	furnishing of the summary plan de-
16	scription as provided in section 104(b)
17	of the Employee Retirement Income
18	Security Act of 1974 (29 U.S.C. 1024).
19	"(ii) Disclosure about group
20	HEALTH PLAN BENEFITS TO STATES FOR
21	MEDICAID AND CHIP ELIGIBLE INDIVID-
22	UALS.—In the case of a participant or bene-
23	ficiary of a group health plan who is cov-
24	ered under a Medicaid plan of a State
25	under title XIX of the Social Security Act

1 or under a State child health plan under 2 title XXI of such Act, the plan administrator of the group health plan shall disclose 3 4 to the State, upon request, information about the benefits available under the group 6 health plan in sufficient specificity, as de-7 termined under regulations of the Secretary 8 of Health and Human Services in consulta-9 tion with the Secretary that require use of 10 the model coverage coordination disclosure 11 form developed under section 311(b)(1)(C)12 of the Children's Health Insurance Program 13 Reauthorization Act of 2007, so as to per-14 mit the State to make a determination 15 (under paragraph (2)(B), (3), or (10) of 16 section 2105(c) of the Social Security Act or 17 otherwise) concerning the cost-effectiveness 18 of the State providing medical or child 19 health assistance through premium assist-20 ance for the purchase of coverage under such 21 group health plan and in order for the 22 State to provide supplemental benefits re-23 quired under paragraph (10)(E) of such sec-24 tion or other authority.".

(b) Conforming Amendments.—

1	(1) Amendments to employee retirement
2	INCOME SECURITY ACT.—
3	(A) In General.—Section 701(f) of the
4	Employee Retirement Income Security Act of
5	1974 (29 U.S.C. 1181(f)) is amended by adding
6	at the end the following new paragraph:
7	"(3) Special rules for application in case
8	OF MEDICAID AND CHIP.—
9	"(A) In general.—A group health plan,
10	and a health insurance issuer offering group
11	health insurance coverage in connection with a
12	group health plan, shall permit an employee who
13	is eligible, but not enrolled, for coverage under
14	the terms of the plan (or a dependent of such an
15	employee if the dependent is eligible, but not en-
16	rolled, for coverage under such terms) to enroll
17	for coverage under the terms of the plan if either
18	of the following conditions is met:
19	"(i) TERMINATION OF MEDICAID OR
20	CHIP COVERAGE.—The employee or depend-
21	ent is covered under a Medicaid plan under
22	title XIX of the Social Security Act or
23	under a State child health plan under title
24	XXI of such Act and coverage of the em-
25	ployee or dependent under such a plan is

1	terminated as a result of loss of eligibility
2	for such coverage and the employee requests
3	coverage under the group health plan (or
4	health insurance coverage) not later than 60
5	days after the date of termination of such
6	coverage.
7	"(ii) Eligibility for employment
8	ASSISTANCE UNDER MEDICAID OR CHIP.—
9	The employee or dependent becomes eligible
10	for assistance, with respect to coverage
11	under the group health plan or health in-
12	surance coverage, under such Medicaid plan
13	or State child health plan (including under
14	any waiver or demonstration project con-
15	ducted under or in relation to such a plan),
16	if the employee requests coverage under the
17	group health plan or health insurance cov-
18	erage not later than 60 days after the date
19	the employee or dependent is determined to
20	be eligible for such assistance.
21	"(B) Coordination with medicaid and
22	CHIP.—
23	"(i) Outreach to employees re-
24	GARDING AVAILABILITY OF MEDICAID AND
25	CHIP COVERAGE.—

1	"(I) In General.—Each em-
2	ployer that maintains a group health
3	plan in a State that provides medical
4	assistance under a State Medicaid
5	plan under title XIX of the Social Se-
6	curity Act, or child health assistance
7	under a State child health plan under
8	title XXI of such Act, in the form of
9	premium assistance for the purchase of
10	coverage under a group health plan,
11	shall provide to each employee a writ-
12	ten notice informing the employee of
13	potential opportunities then currently
14	available in the State in which the em-
15	ployee resides for premium assistance
16	under such plans for health coverage of
17	the employee or the employee's depend-
18	ents.
19	"(II) Model notice.—Not later
20	than 1 year after the date of enactment
21	of the Children's Health Insurance
22	Program Reauthorization Act of 2007,
23	the Secretary and the Secretary of
24	Health and Human Services, in con-
25	sultation with Directors of State Med-

1 icaid agencies under title XIX of the 2 Social Security Act and Directors of 3 State CHIP agencies under title XXI 4 of such Act, shall jointly develop na-5 tional and State-specific model notices 6 for purposes of subparagraph (A). The 7 Secretary shall provide employers with 8 such model notices so as to enable em-9 ployers to timely comply with the re-10 quirements of subparagraph (A). Such 11 model notices shall include information 12 regarding how an employee may con-13 tact the State in which the employee 14 resides for additional information re-15 garding potential opportunities for 16 such premium assistance, including 17 how to apply for such assistance. 18 "(III) OPTION TO PROVIDE CON-19 CURRENT WITH PROVISION OF PLAN 20 MATERIALS TO EMPLOYEE.—An em-21 ployer may provide the model notice 22 applicable to the State in which an 23 employee resides concurrent with the 24 furnishing of materials notifying the

employee of health plan eligibility, con-

1	current with materials provided to the
2	employee in connection with an open
3	season or election process conducted
4	under the plan, or concurrent with the
5	furnishing of the summary plan de-
6	scription as provided in section 104(b).
7	"(ii) Disclosure about group
8	HEALTH PLAN BENEFITS TO STATES FOR
9	MEDICAID AND CHIP ELIGIBLE INDIVID-
10	UALS.—In the case of a participant or bene-
11	ficiary of a group health plan who is cov-
12	ered under a Medicaid plan of a State
13	under title XIX of the Social Security Act
14	or under a State child health plan under
15	title XXI of such Act, the plan adminis-
16	trator of the group health plan shall disclose
17	to the State, upon request, information
18	about the benefits available under the group
19	health plan in sufficient specificity, as de-
20	termined under regulations of the Secretary
21	of Health and Human Services in consulta-
22	tion with the Secretary that require use of
23	the model coverage coordination disclosure
24	$form\ developed\ under\ section\ 311(b)(1)(C)$
25	of the Children's Health Insurance Program

1	Reauthorization Act of 2007, so as to per-
2	mit the State to make a determination
3	(under paragraph $(2)(B)$, (3) , or (10) of
4	section 2105(c) of the Social Security Act or
5	otherwise) concerning the cost-effectiveness
6	of the State providing medical or child
7	health assistance through premium assist-
8	ance for the purchase of coverage under such
9	group health plan and in order for the
10	State to provide supplemental benefits re-
11	quired under paragraph (10)(E) of such sec-
12	tion or other authority.".
13	(B) Conforming amendment.—Section
14	102(b) of the Employee Retirement Income Secu-
15	rity Act of 1974 (29 U.S.C. 1022(b)) is amend-
16	ed—
17	(i) by striking "and the remedies" and
18	inserting ", the remedies"; and
19	(ii) by inserting before the period the
20	following: ", and if the employer so elects
21	for purposes of complying with section
22	701(f)(3)(B)(i), the model notice applicable
23	to the State in which the participants and
24	beneficiaries reside".

1	(C) Working group to develop model
2	COVERAGE COORDINATION DISCLOSURE FORM.—
3	(i) Medicaid, Chip, and employer-
4	SPONSORED COVERAGE COORDINATION
5	WORKING GROUP.—
6	(I) In general.—Not later than
7	60 days after the date of enactment of
8	this Act, the Secretary of Health and
9	Human Services and the Secretary of
10	Labor shall jointly establish a Med-
11	icaid, CHIP, and Employer-Sponsored
12	Coverage Coordination Working Group
13	(in this subparagraph referred to as
14	the "Working Group"). The purpose of
15	the Working Group shall be to develop
16	the model coverage coordination disclo-
17	sure form described in subclause (II)
18	and to identify the impediments to the
19	effective coordination of coverage avail-
20	able to families that include employees
21	of employers that maintain group
22	health plans and members who are eli-
23	gible for medical assistance under title
24	XIX of the Social Security Act or child
25	health assistance or other health bene-

1	fits coverage under title XXI of such
2	Act.
3	(II) Model coverage coordina-
4	TION DISCLOSURE FORM DESCRIBED.—
5	The model form described in this sub-
6	clause is a form for plan administra-
7	tors of group health plans to complete
8	for purposes of permitting a State to
9	determine the availability and cost-ef-
10	fectiveness of the coverage available
11	under such plans to employees who
12	have family members who are eligible
13	for premium assistance offered under a
14	State plan under title XIX or XXI of
15	such Act and to allow for coordination
16	of coverage for enrollees of such plans.
17	Such form shall provide the following
18	information in addition to such other
19	information as the Working Group de-
20	termines appropriate:
21	(aa) A determination of
22	whether the employee is eligible
23	for coverage under the group
24	health plan.

1	(bb) The name and contract
2	information of the plan adminis-
3	trator of the group health plan.
4	(cc) The benefits offered
5	under the plan.
6	(dd) The premiums and cost-
7	sharing required under the plan.
8	(ee) Any other information
9	relevant to coverage under the
10	plan.
11	(ii) Membership.—The Working
12	Group shall consist of not more than 30
13	members and shall be composed of rep-
14	resentatives of—
15	(I) the Department of Labor;
16	(II) the Department of Health
17	and Human Services;
18	(III) State directors of the Med-
19	icaid program under title XIX of the
20	$Social\ Security\ Act;$
21	(IV) State directors of the State
22	Children's Health Insurance Program
23	under title XXI of the Social Security
24	Act;

1	(V) employers, including owners
2	of small businesses and their trade or
3	industry representatives and certified
4	human resource and payroll profes-
5	sionals;
6	(VI) plan administrators and
7	plan sponsors of group health plans (as
8	defined in section 607(1) of the Em -
9	ployee Retirement Income Security Act
10	of 1974);
11	(VII) health insurance issuers;
12	and
13	(VIII) children and other bene-
14	ficiaries of medical assistance under
15	title XIX of the Social Security Act or
16	child health assistance or other health
17	benefits coverage under title XXI of
18	$such\ Act.$
19	(iii) Compensation.—The members of
20	the Working Group shall serve without com-
21	pensation.
22	(iv) Administrative support.—The
23	Department of Health and Human Services
24	and the Department of Labor shall jointly
25	provide appropriate administrative support

1 to the Working Group, including technical 2 assistance. The Working Group may use the services and facilities of either such Depart-3 4 ment, with or without reimbursement, as jointly determined by such Departments. 6 (v) Report.— 7 (I) Report by working group 8 TO THE SECRETARIES.—Not later than 9 18 months after the date of the enact-10 ment of this Act, the Working Group 11 shall submit to the Secretary of Labor 12 and the Secretary of Health and 13 Human Services the model form de-14 scribed in clause (i)(II) along with a 15 report containing recommendations for 16 appropriate measures to address the 17 impediments to the effective coordina-18 tion of coverage between group health 19 plans and the State plans under titles 20 XIX and XXI of the Social Security 21 Act.22 (II) Report by Secretaries to 23 THE CONGRESS.—Not later than 2 24 months after receipt of the report pur-

suant to subclause (I), the Secretaries

1	shall jointly submit a report to each
2	House of the Congress regarding the
3	recommendations contained in the re-
4	port under such subclause.

- (vi) TERMINATION.—The Working
 Group shall terminate 30 days after the
 date of the issuance of its report under
 clause (v).
- (D) Effective dates.—The Secretary of Labor and the Secretary of Health and Human Services shall develop the initial model notices under section 701(f)(3)(B)(i)(II) of the Employee Retirement Income Security Act of 1974, and the Secretary of Labor shall provide such notices to employers, not later than the date that is 1 year after the date of enactment of this Act, and each employer shall provide the initial annual notices to such employer's employees beginning with the first plan year that begins after the date on which such initial model notices are first issued. The model coverage coordination disclosure form developed under subparagraph (C) shall apply with respect to requests made by States beginning with the first plan year that begins after

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1	the date on which such model coverage coordina-
2	tion disclosure form is first issued.
3	(E) Enforcement.—Section 502 of the
4	Employee Retirement Income Security Act of
5	1974 (29 U.S.C. 1132) is amended—
6	(i) in subsection (a)(6), by striking "or
7	(8)" and inserting "(8), or (9)"; and
8	(ii) in subsection (c), by redesignating
9	paragraph (9) as paragraph (10), and by
10	inserting after paragraph (8) the following:
11	"(9)(A) The Secretary may assess a civil penalty
12	against any employer of up to \$100 a day from the date
13	of the employer's failure to meet the notice requirement of
14	section $701(f)(3)(B)(i)(I)$. For purposes of this subpara-
15	graph, each violation with respect to any single employee
16	shall be treated as a separate violation.
17	"(B) The Secretary may assess a civil penalty against
18	any plan administrator of up to \$100 a day from the date
19	of the plan administrator's failure to timely provide to any
20	State the information required to be disclosed under section
21	701(f)(3)(B)(ii). For purposes of this subparagraph, each
22	violation with respect to any single participant or bene-
23	ficiary shall be treated as a separate violation.".
24	(2) Amendments to public health service
25	ACT.—Section 2701(f) of the Public Health Service

1	Act (42 U.S.C. 300gg(f)) is amended by adding at the
2	end the following new paragraph:
3	"(3) Special rules for application in case
4	OF MEDICAID AND CHIP.—
5	"(A) In general.—A group health plan,
6	and a health insurance issuer offering group
7	health insurance coverage in connection with a
8	group health plan, shall permit an employee who
9	is eligible, but not enrolled, for coverage under
10	the terms of the plan (or a dependent of such an
11	employee if the dependent is eligible, but not en-
12	rolled, for coverage under such terms) to enroll
13	for coverage under the terms of the plan if either
14	of the following conditions is met:
15	"(i) Termination of medicaid or
16	CHIP COVERAGE.—The employee or depend-
17	ent is covered under a Medicaid plan under
18	title XIX of the Social Security Act or
19	under a State child health plan under title
20	XXI of such Act and coverage of the em-
21	ployee or dependent under such a plan is
22	terminated as a result of loss of eligibility
23	for such coverage and the employee requests
24	coverage under the group health plan (or

health insurance coverage) not later than 60

1	days after the date of termination of such
2	coverage.
3	"(ii) Eligibility for employment
4	ASSISTANCE UNDER MEDICAID OR CHIP.—
5	The employee or dependent becomes eligible
6	for assistance, with respect to coverage
7	under the group health plan or health in-
8	surance coverage, under such Medicaid plan
9	or State child health plan (including under
10	any waiver or demonstration project con-
11	ducted under or in relation to such a plan),
12	if the employee requests coverage under the
13	group health plan or health insurance cov-
14	erage not later than 60 days after the date
15	the employee or dependent is determined to
16	be eligible for such assistance.
17	"(B) Coordination with medicaid and
18	CHIP.—
19	"(i) Outreach to employees re-
20	GARDING AVAILABILITY OF MEDICAID AND
21	CHIP COVERAGE.—
22	"(I) In General.—Each em-
23	ployer that maintains a group health
24	plan in a State that provides medical
25	assistance under a State Medicaid

1	plan under title XIX of the Social Se-
2	curity Act, or child health assistance
3	under a State child health plan under
4	title XXI of such Act, in the form of
5	premium assistance for the purchase of
6	coverage under a group health plan,
7	shall provide to each employee a writ-
8	ten notice informing the employee of
9	potential opportunities then currently
10	available in the State in which the em-
11	ployee resides for premium assistance
12	under such plans for health coverage of
13	the employee or the employee's depend-
14	ents. For purposes of compliance with
15	this subclause, the employer may use
16	any State-specific model notice devel-
17	oped in accordance with section
18	701(f)(3)(B)(i)(II) of the Employee Re-
19	tirement Income Security Act of 1974
20	$(29\ U.S.C.\ 1181(f)(3)(B)(i)(II)).$
21	"(II) Option to provide con-
22	CURRENT WITH PROVISION OF PLAN
23	materials to employee.—An em-
24	ployer may provide the model notice
25	applicable to the State in which an

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employee resides concurrent with the furnishing of materials notifying the employee of health plan eligibility, concurrent with materials provided to the employee in connection with an open season or election process conducted under the plan, or concurrent with the furnishing of the summary plan description as provided in section 104(b) of the Employee Retirement Income Security Act of 1974.

"(ii) Disclosure ABOUTGROUPHEALTH PLAN BENEFITS TO STATES FOR MEDICAID AND CHIP ELIGIBLE INDIVID-UALS.—In the case of an enrollee in a group health plan who is covered under a Medicaid plan of a State under title XIX of the Social Security Act or under a State child health plan under title XXI of such Act, the plan administrator of the group health plan shall disclose to the State, upon request, information about the benefits available under the group health plan in sufficient specificity, as determined under regulations of the Secretary of Health and

1		Human S	Services	in consultation	r with the
2		Secretary	that requ	uire use of the	model cov-
3		erage coor	dination	disclosure form	n developed
4		under sect	tion 311((b)(1)(C) of the	Children's
5		Health In	nsurance	Reauthorizati	on Act oj
6		2007, so o	as to per	mit the State	to make a
7		determina	tion (un	ıder paragrap	oh (2)(B),
8		(3), or (10	0) of sect	ion 2105(c) of	the Social
9		Security .	Act or o	therwise) conc	erning the
10		cost-effecti	veness of	the State prov	iding med-
11		ical or ch	ild health	h assistance th	rough pre-
12		mium ass	sistance j	for the purcha	use of cov-
13		erage und	er such g	group health pl	lan and in
14		order for	the State	to provide su	pplemental
15		benefits re	equired i	ınder paragraf	oh (10)(E)
16		of such sec	ction or o	ther authority.	".
17	TITLE	IV	_STI	RENGTHI	ENING
18	QUA	LITY	OF	CARE	AND
19	HEAL	LTH OU	J TCO	MES	
20	SEC. 401. CHI	LD HEALTH	I QUALIT	Y IMPROVEME	NT ACTIVI
21		TIES FOR C	HILDREN	ENROLLED IN	MEDICAID
22		OR CHIP.			
23	(a) DE	VELOPMENT	OF CH	HILD HEALTH	QUALITY
24	Measures b	or Childi	REN ENR	OLLED IN ME	DICAID OR

- 1 Chip.—Title XI (42 U.S.C. 1301 et seq.) is amended by
- 2 inserting after section 1139 the following new section:
- 3 "SEC. 1139A. CHILD HEALTH QUALITY MEASURES.
- 4 "(a) Development of an Initial Core Set of
- 5 Health Care Quality Measures for Children En-
- 6 ROLLED IN MEDICAID OR CHIP.—
- 7 "(1) In general.—Not later than January 1. 8 2009, the Secretary shall identify and publish for gen-9 eral comment an initial, recommended core set of 10 child health quality measures for use by State pro-11 grams administered under titles XIX and XXI, health 12 insurance issuers and managed care entities that 13 enter into contracts with such programs, and pro-14 viders of items and services under such programs.
 - "(2) IDENTIFICATION OF INITIAL CORE MEAS-URES.—In consultation with the individuals and entities described in subsection (b)(3), the Secretary shall identify existing quality of care measures for children that are in use under public and privately sponsored health care coverage arrangements, or that are part of reporting systems that measure both the presence and duration of health insurance coverage over time.
- 24 "(3) RECOMMENDATIONS AND DISSEMINATION.— 25 Based on such existing and identified measures, the

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1	Secretary shall publish an initial core set of child
2	health quality measures that includes (but is not lim-
3	ited to) the following:
4	"(A) The duration of children's health in-
5	surance coverage over a 12-month time period.
6	"(B) The availability and effectiveness of a
7	full range of—
8	"(i) preventive services, treatments,
9	and services for acute conditions, including
10	services to promote healthy birth, prevent
11	and treat premature birth, and detect the
12	presence or risk of physical or mental con-
13	ditions that could adversely affect growth
14	and development; and
15	"(ii) treatments to correct or amelio-
16	rate the effects of physical and mental con-
17	ditions, including chronic conditions, in in-
18	fants, young children, school-age children,
19	and adolescents.
20	"(C) The availability of care in a range of
21	ambulatory and inpatient health care settings in
22	which such care is furnished.
23	"(D) The types of measures that, taken to-
24	gether, can be used to estimate the overall na-
25	tional quality of health care for children, includ-

ing children with special needs, and to perform
comparative analyses of pediatric health care
quality and racial, ethnic, and socioeconomic
disparities in child health and health care for
children.

"(4) Encourage voluntary and standard-IZED REPORTING.—Not later than 2 years after the date of enactment of the Children's Health Insurance Program Reauthorization Act of 2007, the Secretary, in consultation with States, shall develop a standardized format for reporting information and procedures and approaches that encourage States to use the initial core measurement set to voluntarily report information regarding the quality of pediatric health care under titles XIX and XXI.

"(5) Adoption of Best Practices in Imple-Menting Quality Programs.—The Secretary shall disseminate information to States regarding best practices among States with respect to measuring and reporting on the quality of health care for children, and shall facilitate the adoption of such best practices. In developing best practices approaches, the Secretary shall give particular attention to State measurement techniques that ensure the timeliness and accuracy of provider reporting, encourage provider re-

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1	porting compliance, encourage successful quality im-
2	provement strategies, and improve efficiency in data
3	collection using health information technology.
4	"(6) Reports to congress.—Not later than
5	January 1, 2010, and every 3 years thereafter, the
6	Secretary shall report to Congress on—
7	"(A) the status of the Secretary's efforts to
8	improve—
9	"(i) quality related to the duration
10	and stability of health insurance coverage
11	for children under titles XIX and XXI;
12	"(ii) the quality of children's health
13	care under such titles, including preventive
14	health services, health care for acute condi-
15	tions, chronic health care, and health serv-
16	ices to ameliorate the effects of physical and
17	mental conditions and to aid in growth and
18	development of infants, young children,
19	school-age children, and adolescents with
20	special health care needs; and
21	"(iii) the quality of children's health
22	care under such titles across the domains of
23	quality, including clinical quality, health
24	care safety, family experience with health
25	care, health care in the most integrated set-

1	ting, and elimination of racial, ethnic, and
2	socioeconomic disparities in health and
3	$health\ care;$
4	"(B) the status of voluntary reporting by
5	States under titles XIX and XXI, utilizing the
6	initial core quality measurement set; and
7	"(C) any recommendations for legislative
8	changes needed to improve the quality of care
9	provided to children under titles XIX and XXI,
10	including recommendations for quality reporting
11	by States.
12	"(7) Technical Assistance.—The Secretary
13	shall provide technical assistance to States to assist
14	them in adopting and utilizing core child health qual-
15	ity measures in administering the State plans under
16	titles XIX and XXI.
17	"(8) Definition of core set.—In this section,
18	the term 'core set' means a group of valid, reliable,
19	and evidence-based quality measures that, taken to-
20	gether—
21	"(A) provide information regarding the
22	quality of health coverage and health care for
23	children;
24	"(B) address the needs of children through-
25	out the developmental age span; and

1	"(C) allow purchasers, families, and health
2	care providers to understand the quality of care
3	in relation to the preventive needs of children,
4	treatments aimed at managing and resolving
5	acute conditions, and diagnostic and treatment
6	services whose purpose is to correct or ameliorate
7	physical, mental, or developmental conditions
8	that could, if untreated or poorly treated, become
9	chronic.
10	"(b) Advancing and Improving Pediatric Quality
11	Measures.—
12	"(1) Establishment of pediatric quality
13	Measures program.—Not later than January 1,
14	2010, the Secretary shall establish a pediatric quality
15	measures program to—
16	"(A) improve and strengthen the initial
17	core child health care quality measures estab-
18	lished by the Secretary under subsection (a);
19	"(B) expand on existing pediatric quality
20	measures used by public and private health care
21	purchasers and advance the development of such
22	new and emerging quality measures; and
23	"(C) increase the portfolio of evidence-based,
24	consensus pediatric quality measures available to

1	public and private purchasers of children's
2	health care services, providers, and consumers.
3	"(2) Evidence-based measures.—The meas-
4	ures developed under the pediatric quality measures
5	program shall, at a minimum, be—
6	"(A) evidence-based and, where appropriate,
7	risk adjusted;
8	"(B) designed to identify and eliminate ra-
9	cial and ethnic disparities in child health and
10	the provision of health care;
11	"(C) designed to ensure that the data re-
12	quired for such measures is collected and re-
13	ported in a standard format that permits com-
14	parison of quality and data at a State, plan,
15	and provider level;
16	"(D) periodically updated; and
17	"(E) responsive to the child health needs,
18	services, and domains of health care quality de-
19	scribed in clauses (i), (ii), and (iii) of subsection
20	(a)(6)(A).
21	"(3) Process for pediatric quality meas-
22	URES PROGRAM.—In identifying gaps in existing pe-
23	diatric quality measures and establishing priorities
24	for development and advancement of such measures,
25	the Secretary shall consult with—

1	"(A) States;
2	"(B) pediatricians, children's hospitals, and
3	other primary and specialized pediatric health
4	care professionals (including members of the al-
5	lied health professions) who specialize in the care
6	and treatment of children, particularly children
7	with special physical, mental, and developmental
8	health care needs;
9	"(C) dental professionals, including pedi-
10	atric dental professionals;
11	"(D) health care providers that furnish pri-
12	mary health care to children and families who
13	live in urban and rural medically underserved
14	communities or who are members of distinct
15	population sub-groups at heightened risk for
16	poor health outcomes;
17	$\lq\lq(E)$ national organizations representing
18	children, including children with disabilities and
19	children with chronic conditions;
20	"(F) national organizations representing
21	consumers and purchasers of children's health
22	care;
23	"(G) national organizations and individ-
24	uals with expertise in pediatric health quality
25	measurement; and

1	"(H) voluntary consensus standards setting
2	organizations and other organizations involved
3	in the advancement of evidence-based measures of
4	health care.
5	"(4) Developing, validating, and testing a
6	PORTFOLIO OF PEDIATRIC QUALITY MEASURES.—As
7	part of the program to advance pediatric quality
8	measures, the Secretary shall—
9	"(A) award grants and contracts for the de-
10	velopment, testing, and validation of new, emerg-
11	ing, and innovative evidence-based measures for
12	children's health care services across the domains
13	of quality described in clauses (i), (ii), and (iii)
14	of subsection $(a)(6)(A)$; and
15	"(B) award grants and contracts for—
16	"(i) the development of consensus on
17	evidence-based measures for children's
18	health care services;
19	"(ii) the dissemination of such meas-
20	ures to public and private purchasers of
21	health care for children; and
22	"(iii) the updating of such measures as
23	necessary.
24	"(5) Revising, strengthening, and improv-
25	ING INITIAL CORE MEASURES.—Beginning no later

- than January 1, 2012, and annually thereafter, the
 Secretary shall publish recommended changes to the
 core measures described in subsection (a) that shall
 reflect the testing, validation, and consensus process
 for the development of pediatric quality measures described in subsection paragraphs (1) through (4).
- 7 "(6) Definition of Pediatric quality meas-8 URE.—In this subsection, the term 'pediatric quality 9 measure' means a measurement of clinical care that is capable of being examined through the collection 10 11 and analysis of relevant information, that is devel-12 oped in order to assess 1 or more aspects of pediatric 13 health care quality in various institutional and am-14 bulatory health care settings, including the structure 15 of the clinical care system, the process of care, the out-16 come of care, or patient experiences in care.
- 17 "(7) CONSTRUCTION.—Nothing in this section 18 shall be construed as supporting the restriction of cov-19 erage, under title XIX or XXI or otherwise, to only 20 those services that are evidence-based.
- 21 "(c) Annual State Reports Regarding State 22 Specific Quality of Care Measures Applied Under
- 23 Medicaid or Chip.—
- "(1) ANNUAL STATE REPORTS.—Each State with
 a State plan approved under title XIX or a State

1	child health plan approved under title XXI shall an-
2	nually report to the Secretary on the—
3	"(A) State-specific child health quality
4	measures applied by the States under such plans,
5	including measures described in subparagraphs
6	(A) and (B) of subsection (a)(6); and
7	"(B) State-specific information on the qual-
8	ity of health care furnished to children under
9	such plans, including information collected
10	through external quality reviews of managed care
11	organizations under section 1932 of the Social
12	Security Act (42 U.S.C. 1396u-4) and bench-
13	mark plans under sections 1937 and 2103 of
14	such Act (42 U.S.C. 1396u-7, 1397cc).
15	"(2) Publication.—Not later than September
16	30, 2009, and annually thereafter, the Secretary shall
17	collect, analyze, and make publicly available the in-
18	formation reported by States under paragraph (1).
19	"(d) Demonstration Projects for Improving the
20	Quality of Children's Health Care and the Use of
21	Health Information Technology.—
22	"(1) In General.—During the period of fiscal
23	years 2008 through 2012, the Secretary shall award
24	not more than 10 grants to States and child health
25	providers to conduct demonstration projects to evalu-

1	ate promising ideas for improving the quality of chil-
2	dren's health care provided under title XIX or XXI,
3	including projects to—
4	"(A) experiment with, and evaluate the use
5	of, new measures of the quality of children's
6	health care under such titles (including testing
7	the validity and suitability for reporting of such
8	measures);
9	"(B) promote the use of health information
10	technology in care delivery for children under
11	such titles;
12	"(C) evaluate provider-based models which
13	improve the delivery of children's health care
14	services under such titles, including care man-
15	agement for children with chronic conditions and
16	the use of evidence-based approaches to improve
17	the effectiveness, safety, and efficiency of health
18	care services for children; or
19	"(D) demonstrate the impact of the model
20	electronic health record format for children devel-
21	oped and disseminated under subsection (f) on
22	improving pediatric health, including the effects
23	of chronic childhood health conditions, and pedi-
24	atric health care quality as well as reducing
25	$health\ care\ costs.$

1	"(2) Requirements.—In awarding grants
2	under this subsection, the Secretary shall ensure
3	that—
4	"(A) only 1 demonstration project funded
5	under a grant awarded under this subsection
6	shall be conducted in a State; and
7	"(B) demonstration projects funded under
8	grants awarded under this subsection shall be
9	conducted evenly between States with large
10	urban areas and States with large rural areas.
11	"(3) Authority for multistate projects.—
12	A demonstration project conducted with a grant
13	awarded under this subsection may be conducted on
14	a multistate basis, as needed.
15	"(4) Funding.—\$20,000,000 of the amount ap-
16	propriated under subsection (i) for a fiscal year shall
17	be used to carry out this subsection.
18	"(e) Childhood Obesity Demonstration
19	Project.—
20	"(1) Authority to conduct demonstra-
21	TION.—The Secretary, in consultation with the Ad-
22	ministrator of the Centers for Medicare & Medicaid
23	Services, shall conduct a demonstration project to de-
24	velop a comprehensive and systematic model for re-
25	ducing childhood obesity by awarding grants to eligi-

1	ble entities to carry out such project. Such model
2	shall—
3	"(A) identify, through self-assessment, be-
4	havioral risk factors for obesity among children;
5	"(B) identify, through self-assessment, need-
6	ed clinical preventive and screening benefits
7	among those children identified as target indi-
8	viduals on the basis of such risk factors;
9	"(C) provide ongoing support to such target
10	individuals and their families to reduce risk fac-
11	tors and promote the appropriate use of preven-
12	tive and screening benefits; and
13	"(D) be designed to improve health out-
14	comes, satisfaction, quality of life, and appro-
15	priate use of items and services for which med-
16	ical assistance is available under title XIX or
17	child health assistance is available under title
18	XXI among such target individuals.
19	"(2) Eligibility entities.—For purposes of
20	this subsection, an eligible entity is any of the fol-
21	lowing:
22	"(A) A city, county, or Indian tribe.
23	"(B) A local or tribal educational agency.
24	"(C) An accredited university, college, or
25	community college.

1	$``(D)\ A\ Federally$ -qualified health center.
2	"(E) A local health department.
3	"(F) A health care provider.
4	$``(G)\ A\ community\mbox{-}based\ organization.$
5	"(H) Any other entity determined appro-
6	priate by the Secretary, including a consortia or
7	partnership of entities described in any of sub-
8	paragraphs (A) through (G).
9	"(3) Use of funds.—An eligible entity award-
10	ed a grant under this subsection shall use the funds
11	made available under the grant to—
12	"(A) carry out community-based activities
13	related to reducing childhood obesity, including
14	by—
15	"(i) forming partnerships with entities,
16	including schools and other facilities pro-
17	viding recreational services, to establish
18	programs for after school and weekend com-
19	munity activities that are designed to re-
20	$duce\ childhood\ obesity;$
21	"(ii) forming partnerships with
22	daycare facilities to establish programs that
23	promote healthy eating behaviors and phys-
24	ical activity; and

1	"(iii) developing and evaluating com-
2	munity educational activities targeting good
3	nutrition and promoting healthy eating be-
4	haviors;
5	"(B) carry out age-appropriate school-based
6	activities that are designed to reduce childhood
7	obesity, including by—
8	"(i) developing and testing educational
9	curricula and intervention programs de-
10	signed to promote healthy eating behaviors
11	and habits in youth, which may include—
12	"(I) after hours physical activity
13	programs; and
14	"(II) science-based interventions
15	with multiple components to prevent
16	eating disorders including nutritional
17	content, understanding and responding
18	to hunger and satiety, positive body
19	image development, positive self-esteem
20	development, and learning life skills
21	(such as stress management, commu-
22	nication skills, problemsolving and de-
23	cisionmaking skills), as well as consid-
24	eration of cultural and developmental

1	issues, and the role of family, school,
2	$and\ community;$
3	"(ii) providing education and training
4	to educational professionals regarding how
5	to promote a healthy lifestyle and a healthy
6	school environment for children;
7	"(iii) planning and implementing a
8	healthy lifestyle curriculum or program
9	with an emphasis on healthy eating behav-
10	iors and physical activity; and
11	"(iv) planning and implementing
12	healthy lifestyle classes or programs for par-
13	ents or guardians, with an emphasis on
14	healthy eating behaviors and physical activ-
15	ity for children;
16	"(C) carry out educational, counseling, pro-
17	motional, and training activities through the
18	local health care delivery systems including by—
19	"(i) promoting healthy eating behav-
20	iors and physical activity services to treat
21	or prevent eating disorders, being over-
22	weight, and obesity;
23	"(ii) providing patient education and
24	counseling to increase physical activity and
25	promote healthy eating behaviors;

1	"(iii) training health professionals on
2	how to identify and treat obese and over-
3	weight individuals which may include nu-
4	trition and physical activity counseling;
5	and
6	"(iv) providing community education
7	by a health professional on good nutrition
8	and physical activity to develop a better un-
9	derstanding of the relationship between diet,
10	physical activity, and eating disorders, obe-
11	sity, or being overweight; and
12	"(D) provide, through qualified health pro-
13	fessionals, training and supervision for commu-
14	nity health workers to—
15	"(i) educate families regarding the re-
16	lationship between nutrition, eating habits,
17	physical activity, and obesity;
18	"(ii) educate families about effective
19	strategies to improve nutrition, establish
20	healthy eating patterns, and establish ap-
21	propriate levels of physical activity; and
22	"(iii) educate and guide parents re-
23	garding the ability to model and commu-
24	nicate positive health behaviors.

1	"(4) Priority.—In awarding grants under
2	paragraph (1), the Secretary shall give priority to
3	awarding grants to eligible entities—
4	"(A) that demonstrate that they have pre-
5	viously applied successfully for funds to carry
6	out activities that seek to promote individual
7	and community health and to prevent the inci-
8	dence of chronic disease and that can cite pub-
9	lished and peer-reviewed research demonstrating
10	that the activities that the entities propose to
11	carry out with funds made available under the
12	grant are effective;
13	"(B) that will carry out programs or activi-
14	ties that seek to accomplish a goal or goals set
15	by the State in the Healthy People 2010 plan of
16	$the \ State;$
17	"(C) that provide non-Federal contribu-
18	tions, either in cash or in-kind, to the costs of
19	funding activities under the grants;
20	"(D) that develop comprehensive plans that
21	include a strategy for extending program activi-
22	ties developed under grants in the years fol-
23	lowing the fiscal years for which they receive
24	grants under this subsection;

1	"(E) located in communities that are medi-
2	cally underserved, as determined by the Sec-
3	retary;
4	"(F) located in areas in which the average
5	poverty rate is at least 150 percent or higher of
6	the average poverty rate in the State involved, as
7	determined by the Secretary; and
8	"(G) that submit plans that exhibit multi-
9	sectoral, cooperative conduct that includes the in-
10	volvement of a broad range of stakeholders, in-
11	cluding—
12	$\lq\lq(i)\ community\mbox{-}based\ organizations;$
13	"(ii) local governments;
14	"(iii) local educational agencies;
15	"(iv) the private sector;
16	"(v) State or local departments of
17	health;
18	"(vi) accredited colleges, universities,
19	and community colleges;
20	"(vii) health care providers;
21	"(viii) State and local departments of
22	transportation and city planning; and
23	"(ix) other entities determined appro-
24	priate by the Secretary.
25	"(5) Program design.—

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"(A) Initial design.—Not later than 1 year after the date of enactment of the Children's Health Insurance Program Reauthorization Act of 2007, the Secretary shall design the demonstration project. The demonstration should draw upon promising, innovative models and incentives to reduce behavioral risk factors. The Administrator of the Centers for Medicare & Medicaid Services shall consult with the Director of the Centers for Disease Control and Prevention, the Director of the Office of Minority Health, the heads of other agencies in the Department of Health and Human Services, and such professional organizations, as the Secretary determines to be appropriate, on the design, conduct, and evaluation of the demonstration.

"(B) Number and project areas.—Not later than 2 years after the date of enactment of the Children's Health Insurance Program Reauthorization Act of 2007, the Secretary shall award 1 grant that is specifically designed to determine whether programs similar to programs to be conducted by other grantees under this subsection should be implemented with respect to the general population of children who are eligible

1	for child health assistance under State child
2	health plans under title XXI in order to reduce
3	the incidence of childhood obesity among such
4	population.
5	"(6) Report to congress.—Not later than 3
6	years after the date the Secretary implements the
7	demonstration project under this subsection, the Sec-
8	retary shall submit to Congress a report that describes
9	the project, evaluates the effectiveness and cost effec-
10	tiveness of the project, evaluates the beneficiary satis-
11	faction under the project, and includes any such other
12	information as the Secretary determines to be appro-
13	priate.
14	"(7) Definitions.—In this subsection:
15	"(A) FEDERALLY-QUALIFIED HEALTH CEN-
16	TER.—The term 'Federally-qualified health cen-
17	ter' has the meaning given that term in section
18	1905(l)(2)(B).
19	"(B) Indian Tribe.—The term Indian
20	tribe' has the meaning given that term in section
21	4 of the Indian Health Care Improvement Act
22	(25 U.S.C. 1603).
23	"(C) Self-assessment.—The term 'self-as-
24	sessment' means a form that—
25	"(i) includes questions regarding—

1	$"(I)\ behavioral\ risk\ factors;$
2	"(II) needed preventive and
3	screening services; and
4	"(III) target individuals' pref-
5	erences for receiving follow-up informa-
6	tion;
7	"(ii) is assessed using such computer
8	generated assessment programs; and
9	"(iii) allows for the provision of such
10	ongoing support to the individual as the
11	Secretary determines appropriate.
12	"(D) Ongoing support.—The term 'ongo-
13	ing support' means—
14	"(i) to provide any target individual
15	with information, feedback, health coaching,
16	and recommendations regarding—
17	"(I) the results of a self-assessment
18	given to the individual;
19	"(II) behavior modification based
20	on the self-assessment; and
21	"(III) any need for clinical pre-
22	ventive and screening services or treat-
23	ment including medical nutrition ther-
24	apy;

1	"(ii) to provide any target individual
2	with referrals to community resources and
3	programs available to assist the target indi-
4	vidual in reducing health risks; and
5	"(iii) to provide the information de-
6	scribed in clause (i) to a health care pro-
7	vider, if designated by the target individual
8	to receive such information.
9	"(8) Authorization of Appropriations.—
10	There is authorized to be appropriated to carry out
11	this subsection, \$25,000,000 for the period of fiscal
12	years 2008 through 2012.
13	"(f) Development of Model Electronic Health
14	RECORD FORMAT FOR CHILDREN ENROLLED IN MEDICAID
15	OR CHIP.—
16	"(1) In general.—Not later than January 1,
17	2009, the Secretary shall establish a program to en-
18	courage the development and dissemination of a
19	model electronic health record format for children en-
20	rolled in the State plan under title XIX or the State
21	child health plan under title XXI that is—
22	"(A) subject to State laws, accessible to par-
23	ents, caregivers, and other consumers for the sole
24	purpose of demonstrating compliance with school

1	or leisure activity requirements, such as appro-
2	priate immunizations or physicals;
3	"(B) designed to allow interoperable ex-
4	changes that conform with Federal and State
5	privacy and security requirements;
6	"(C) structured in a manner that permits
7	parents and caregivers to view and understand
8	the extent to which the care their children receive
9	is clinically appropriate and of high quality;
10	and
11	"(D) capable of being incorporated into,
12	and otherwise compatible with, other standards
13	developed for electronic health records.
14	"(2) Funding.—\$5,000,000 of the amount ap-
15	propriated under subsection (i) for a fiscal year shall
16	be used to carry out this subsection.
17	"(g) Study of Pediatric Health and Health
18	Care Quality Measures.—
19	"(1) In general.—Not later than July 1, 2009,
20	the Institute of Medicine shall study and report to
21	Congress on the extent and quality of efforts to meas-
22	ure child health status and the quality of health care
23	for children across the age span and in relation to
24	preventive care, treatments for acute conditions, and
25	treatments aimed at ameliorating or correcting phys-

1	ical, mental, and developmental conditions in chil-
2	dren. In conducting such study and preparing such
3	report, the Institute of Medicine shall—
4	"(A) consider all of the major national pop-
5	ulation-based reporting systems sponsored by the
6	Federal Government that are currently in place,
7	including reporting requirements under Federal
8	grant programs and national population surveys
9	and estimates conducted directly by the Federal
10	Government;
11	"(B) identify the information regarding
12	child health and health care quality that each
13	system is designed to capture and generate, the
14	study and reporting periods covered by each sys-
15	tem, and the extent to which the information so
16	generated is made widely available through pub-
17	lication;
18	"(C) identify gaps in knowledge related to
19	children's health status, health disparities among
20	subgroups of children, the effects of social condi-
21	tions on children's health status and use and ef-
22	fectiveness of health care, and the relationship

between child health status and family income,

family stability and preservation, and children's

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1	school readiness and educational achievement
2	and attainment; and
3	"(D) make recommendations regarding im-
4	proving and strengthening the timeliness, qual-
5	ity, and public transparency and accessibility of
6	information about child health and health care
7	quality.
8	"(2) Funding.—Up to \$1,000,000 of the amount
9	appropriated under subsection (i) for a fiscal year
10	shall be used to carry out this subsection.
11	"(h) Rule of Construction.—Notwithstanding any
12	other provision in this section, no evidence based quality
13	measure developed, published, or used as a basis of measure-
14	ment or reporting under this section may be used to estab-
15	lish an irrebuttable presumption regarding either the med-
16	ical necessity of care or the maximum permissible coverage
17	for any individual child who is eligible for and receiving
18	medical assistance under title XIX or child health assist-
19	ance under title XXI.
20	"(i) Appropriation.—Out of any funds in the Treas-
21	ury not otherwise appropriated, there is appropriated for
22	each of fiscal years 2008 through 2012, \$45,000,000 for the
23	purpose of carrying out this section (other than subsection
24	(e)). Funds appropriated under this subsection shall remain
25	available until expended.".

1	(b) Increased Matching Rate for Collecting
2	AND REPORTING ON CHILD HEALTH MEASURES.—Section
3	1903(a)(3)(A) (42 U.S.C. 1396b(a)(3)(A)), is amended—
4	(1) by striking "and" at the end of clause (i);
5	and
6	(2) by adding at the end the following new
7	clause:
8	"(iii) an amount equal to the Federal med-
9	ical assistance percentage (as defined in section
10	1905(b)) of so much of the sums expended during
11	such quarter (as found necessary by the Sec-
12	retary for the proper and efficient administra-
13	tion of the State plan) as are attributable to such
14	developments or modifications of systems of the
15	type described in clause (i) as are necessary for
16	the efficient collection and reporting on child
17	health measures; and".
18	SEC. 402. IMPROVED AVAILABILITY OF PUBLIC INFORMA-
19	TION REGARDING ENROLLMENT OF CHIL-
20	DREN IN CHIP AND MEDICAID.
21	(a) Inclusion of Process and Access Measures
22	IN ANNUAL STATE REPORTS.—Section 2108 (42 U.S.C.
23	1397hh) is amended—

1	(1) in subsection (a), in the matter preceding
2	paragraph (1), by striking "The State" and inserting
3	"Subject to subsection (e), the State"; and
4	(2) by adding at the end the following new sub-
5	section:
6	"(e) Information Required for Inclusion in
7	State Annual Report.—The State shall include the fol-
8	lowing information in the annual report required under
9	subsection (a):
10	"(1) Eligibility criteria, enrollment, and reten-
11	tion data (including data with respect to continuity
12	of coverage or duration of benefits).
13	"(2) Data regarding the extent to which the
14	State uses process measures with respect to deter-
15	mining the eligibility of children under the State
16	child health plan, including measures such as 12-
17	month continuous eligibility, self-declaration of in-
18	come for applications or renewals, or presumptive eli-
19	gibility.
20	"(3) Data regarding denials of eligibility and re-
21	determinations of eligibility.
22	"(4) Data regarding access to primary and spe-
23	cialty services, access to networks of care, and care co-
24	ordination provided under the State child health
25	plan, using quality care and consumer satisfaction

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measures included in the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey.

"(5) If the State provides child health assistance in the form of premium assistance for the purchase of coverage under a group health plan, data regarding the provision of such assistance, including the extent to which employer-sponsored health insurance coverage is available for children eligible for child health assistance under the State child health plan, the range of the monthly amount of such assistance provided on behalf of a child or family, the number of children or families provided such assistance on a monthly basis, the income of the children or families provided such assistance, the benefits and cost-sharing protection provided under the State child health plan to supplement the coverage purchased with such premium assistance, the effective strategies the State engages in to reduce any administrative barriers to the provision of such assistance, and, the effects, if any, of the provision of such assistance on preventing the coverage provided under the State child health plan from substituting for coverage provided under employer-sponsored health insurance offered in the State.

"(6) To the extent applicable, a description of any State activities that are designed to reduce the

- number of uncovered children in the State, including
 through a State health insurance connector program
 or support for innovative private health coverage initiatives.".
 - (b) Standardized Reporting Format.—

- 6 (1) IN GENERAL.—Not later than 1 year after
 7 the date of enactment of this Act, the Secretary shall
 8 specify a standardized format for States to use for re9 porting the information required under section
 10 2108(e) of the Social Security Act, as added by sub11 section (a)(2).
- 12 (2) Transition period for states.—Each 13 State that is required to submit a report under sub-14 section (a) of section 2108 of the Social Security Act 15 that includes the information required under sub-16 section (e) of such section may use up to 3 reporting 17 periods to transition to the reporting of such informa-18 tion in accordance with the standardized format spec-19 ified by the Secretary under paragraph (1).
- (c) Additional Funding for the Secretary To
 Improve Timeliness of Data Reporting and Analysis
 for Purposes of Determining Enrollment Increases
- 23 Under Medicaid and CHIP.—
- 24 (1) APPROPRIATION.—There is appropriated, out 25 of any money in the Treasury not otherwise appro-

- priated, \$5,000,000 to the Secretary for fiscal year 2008 for the purpose of improving the timeliness of the data reported and analyzed from the Medicaid Statistical Information System (MSIS) for purposes of providing more timely data on enrollment and eli-gibility of children under Medicaid and CHIP and to provide auidance to States with respect to any new reporting requirements related to such improvements. Amounts appropriated under this paragraph shall re-main available until expended.
 - by the Secretary under paragraph (1) shall be designed and implemented (including with respect to any necessary guidance for States to report such information in a complete and expeditious manner) so that, beginning no later than October 1, 2008, data regarding the enrollment of low-income children (as defined in section 2110(c)(4) of the Social Security Act (42 U.S.C. 1397jj(c)(4)) of a State enrolled in the State plan under Medicaid or the State child health plan under CHIP with respect to a fiscal year shall be collected and analyzed by the Secretary within 6 months of submission.
- 24 (d) GAO Study and Report on Access to Primary
- 25 AND SPECIALITY SERVICES.—

1	(1) In general.—The Comptroller General of
2	the United States shall conduct a study of children's
3	access to primary and specialty services under Med-
4	icaid and CHIP, including—
5	(A) the extent to which providers are will-
6	ing to treat children eligible for such programs;
7	(B) information on such children's access to
8	networks of care;
9	(C) geographic availability of primary and
10	specialty services under such programs;
11	(D) the extent to which care coordination is
12	provided for children's care under Medicaid and
13	CHIP; and
14	(E) as appropriate, information on the de-
15	gree of availability of services for children under
16	such programs.
17	(2) Report.—Not later than 2 years after the
18	date of enactment of this Act, the Comptroller General
19	shall submit a report to the Committee on Finance of
20	the Senate and the Committee on Energy and Com-
21	merce of the House of Representatives on the study
22	conducted under paragraph (1) that includes rec-
23	ommendations for such Federal and State legislative
24	and administrative changes as the Comptroller Gen-
25	eral determines are necessary to address any barriers

1	to access to children's care under Medicaid and CHIP
2	that may exist.
3	SEC. 403. APPLICATION OF CERTAIN MANAGED CARE QUAL-
4	ITY SAFEGUARDS TO CHIP.
5	(a) In General.—Section 2103(f) of Social Security
6	Act (42 U.S.C. 1397bb(f)) is amended by adding at the end
7	the following new paragraph:
8	"(3) Compliance with managed care re-
9	Quirements.—The State child health plan shall pro-
10	vide for the application of subsections $(a)(4)$, $(a)(5)$,
11	(b), (c), (d), and (e) of section 1932 (relating to re-
12	quirements for managed care) to coverage, State agen-
13	cies, enrollment brokers, managed care entities, and
14	managed care organizations under this title in the
15	same manner as such subsections apply to coverage
16	and such entities and organizations under title
17	XIX.".
18	(b) Effective Date.—The amendment made by sub-
19	section (a) shall apply to contract years for health plans
20	beginning on or after July 1, 2008.
21	TITLE V—IMPROVING ACCESS TO
22	BENEFITS
23	SEC. 501. DENTAL BENEFITS.
24	(a) Coverage —

1	(1) In General.—Section 2103 (42 U.S.C.
2	1397cc) is amended—
3	(A) in subsection (a)—
4	(i) in the matter before paragraph (1),
5	by striking "subsection (c)(5)" and insert-
6	ing "paragraphs (5) and (7) of subsection
7	(c)"; and
8	(ii) in paragraph (1), by inserting "at
9	least" after "that is"; and
10	$(B) \ in \ subsection \ (c)$ —
11	(i) by redesignating paragraph (5) as
12	paragraph (7); and
13	(ii) by inserting after paragraph (4),
14	$the\ following:$
15	"(5) Dental benefits.—
16	"(A) In general.—The child health assist-
17	ance provided to a targeted low-income child
18	shall include coverage of dental services necessary
19	to prevent disease and promote oral health, re-
20	store oral structures to health and function, and
21	treat emergency conditions.
22	"(B) Permitting use of dental bench-
23	Mark plans by certain states.—A State may
24	elect to meet the requirement of subparagraph
25	(A) through dental coverage that is equivalent to

1	a benchmark dental benefit package described in
2	subparagraph (C).
3	"(C) Benchmark dental benefit pack-
4	AGES.—The benchmark dental benefit packages
5	are as follows:
6	"(i) FEHBP CHILDREN'S DENTAL COV-
7	ERAGE.—A dental benefits plan under
8	chapter 89A of title 5, United States Code,
9	that has been selected most frequently by
10	employees seeking dependent coverage,
11	among such plans that provide such depend-
12	ent coverage, in either of the previous 2
13	plan years.
14	"(ii) State employee dependent
15	DENTAL COVERAGE.—A dental benefits plan
16	that is offered and generally available to
17	State employees in the State involved and
18	that has been selected most frequently by
19	employees seeking dependent coverage,
20	among such plans that provide such depend-
21	ent coverage, in either of the previous 2
22	plan years.
23	"(iii) Coverage offered through
24	COMMERCIAL DENTAL PLAN.—A dental ben-
25	efits plan that has the largest insured com-

1	mercial, non-medicaid enrollment of de-
2	pendent covered lives of such plans that is
3	offered in the State involved.".
4	(2) Assuring access to care.—Section
5	2102(a)(7)(B) (42 U.S.C. $1397bb(c)(2)$) is amended
6	by inserting "and services described in section
7	2103(c)(5)" after "emergency services".
8	(3) Effective date.—The amendments made
9	by paragraph (1) shall apply to coverage of items and
10	services furnished on or after October 1, 2008.
11	(b) Dental Education for Parents of
12	Newborns.—The Secretary shall develop and implement,
13	through entities that fund or provide perinatal care services
14	to targeted low-income children under a State child health
15	plan under title XXI of the Social Security Act, a program
16	to deliver oral health educational materials that inform new
17	parents about risks for, and prevention of, early childhood
18	caries and the need for a dental visit within their newborn's
19	first year of life.
	(c) Provision of Dental Services Through
	FQHCs.—
22	(1) Medicaid.—Section 1902(a) (42 U.S.C.
23	1396a(a)) is amended—
24	(A) by striking "and" at the end of para-
25	graph (69);
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1	(B) by striking the period at the end of
2	paragraph (70) and inserting "; and"; and
3	(C) by inserting after paragraph (70) the
4	following new paragraph:
5	"(71) provide that the State will not prevent a
6	Federally-qualified health center from entering into
7	contractual relationships with private practice dental
8	providers in the provision of Federally-qualified
9	health center services.".
10	(2) CHIP.—Section 2107(e)(1) (42 U.S.C.
11	1397g(e)(1)), as amended by subsections (a)(2) and
12	(d)(2) of section 203, is amended by inserting after
13	subparagraph (B) the following new subparagraph
14	(and redesignating the succeeding subparagraphs ac-
15	cordingly):
16	"(C) Section 1902(a)(71) (relating to lim-
17	iting FQHC contracting for provision of dental
18	services).".
19	(3) Effective date.—The amendments made
20	by this subsection shall take effect on January 1,
21	2008.
22	(d) Reporting Information on Dental Health.—
23	(1) Medicaid.—Section 1902(a)(43)(D)(iii) (42
24	$U.S.C.\ 1396a(a)(43)(D)(iii))$ is amended by inserting
25	"and other information relating to the provision of

1	dental services to such children described in section
2	2108(e)" after "receiving dental services,".
3	(2) CHIP.—Section 2108 (42 U.S.C. 1397hh) is
4	amended by adding at the end the following new sub-
5	section:
6	"(e) Information on Dental Care for Chil-
7	DREN.—
8	"(1) In General.—Each annual report under
9	subsection (a) shall include the following information
10	with respect to care and services described in section
11	1905(r)(3) provided to targeted low-income children
12	enrolled in the State child health plan under this title
13	at any time during the year involved:
14	"(A) The number of enrolled children by age
15	grouping used for reporting purposes under sec-
16	$tion \ 1902(a)(43).$
17	"(B) For children within each such age
18	grouping, information of the type contained in
19	questions 12(a)-(c) of CMS Form 416 (that con-
20	sists of the number of enrolled targeted low in-
21	come children who receive any, preventive, or re-
22	storative dental care under the State plan).
23	"(C) For the age grouping that includes
24	children 8 years of age, the number of such chil-

- dren who have received a protective sealant on at
 least one permanent molar tooth.
- "(2) Inclusion of information on enrolless
 In Managed care plans.—The information under
 paragraph (1) shall include information on children
 who are enrolled in managed care plans and other
 private health plans and contracts with such plans
 under this title shall provide for the reporting of such
 information by such plans to the State.".
- 10 (3) Effective date.—The amendments made 11 by this subsection shall be effective for annual reports 12 submitted for years beginning after date of enactment.
- (e) Improved Accessibility of Dental Provider
 Information to Enrolles Under Medicaid and
 CHIP.—The Secretary shall—
 - (1) work with States, pediatric dentists, and other dental providers (including providers that are, or are affiliated with, a school of dentistry) to include, not later than 6 months after the date of the enactment of this Act, on the Insure Kids Now website (http://www.insurekidsnow.gov/) and hotline (1–877–KIDS–NOW) (or on any successor websites or hotlines) a current and accurate list of all such dentists and providers within each State that provide dental services to children enrolled in the State plan (or

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1	waiver) under Medicaid or the State child health plan
2	(or waiver) under CHIP, and shall ensure that such
3	list is updated at least quarterly; and
4	(2) work with States to include, not later than
5	6 months after the date of the enactment of this Act,
6	a description of the dental services provided under
7	each State plan (or waiver) under Medicaid and each
8	State child health plan (or waiver) under CHIP on
9	such Insure Kids Now website, and shall ensure that
10	such list is updated at least annually.
11	(f) Inclusion of Status of Efforts To Improve
12	Dental Care in Reports on the Quality of Chil-
13	DREN'S HEALTH CARE UNDER MEDICAID AND CHIP.—
14	Section 1139A(a), as added by section 401(a), is amend-
15	ed—
16	(1) in paragraph $(3)(B)(ii)$, by inserting "and,
17	with respect to dental care, conditions requiring the
18	restoration of teeth, relief of pain and infection, and
19	maintenance of dental health" after "chronic condi-
20	tions"; and
21	(2) in paragraph (6)(A)(ii), by inserting "dental
22	care," after "preventive health services,".
23	(a) GAO STUDY AND REPORT—

1	(1) STUDY.—The Comptroller General of the
2	United States shall provide for a study that exam-
3	ines—
4	(A) access to dental services by children in
5	underserved areas;
6	(B) children's access to oral health care, in-
7	cluding preventive and restorative services, under
8	Medicaid and CHIP, including—
9	(i) the extent to which dental providers
10	are willing to treat children eligible for such
11	programs;
12	(ii) information on such children's ac-
13	cess to networks of care, including such net-
14	works that serve special needs children; and
15	(iii) geographic availability of oral
16	health care, including preventive and restor-
17	ative services, under such programs; and
18	(C) the feasibility and appropriateness of
19	using qualified mid-level dental health providers,
20	in coordination with dentists, to improve access
21	for children to oral health services and public
22	health overall.
23	(2) Report.—Not later than 18 months year
24	after the date of the enactment of this Act, the Comp-
25	troller General shall submit to Congress a report on

1 the study conducted under paragraph (1). The report 2 shall include recommendations for such Federal and State legislative and administrative changes as the 3 Comptroller General determines are necessary to address any barriers to access to oral health care, in-5 6 cluding preventive and restorative services, under 7 Medicaid and CHIP that may exist. 8 SEC. 502. MENTAL HEALTH PARITY IN CHIP PLANS. 9 (a) Assurance of Parity.—Section 2103(c) (42) $U.S.C.\ 1397cc(c)$, as amended by section 501(a)(1)(B), is 10 amended by inserting after paragraph (5), the following: 12 "(6) Mental Health Services Parity.— 13 "(A) In General.—In the case of a State 14 child health plan that provides both medical and 15 surgical benefits and mental health or substance 16 abuse benefits, such plan shall ensure that the fi-17 nancial requirements and treatment limitations 18 applicable to such mental health or substance 19 abuse benefits are no more restrictive than the fi-20 nancial requirements and treatment limitations 21 applied to substantially all medical and surgical 22 benefits covered by the plan. 23 "(B) Deemed compliance.—To the extent 24 that a State child health plan includes coverage 25 with respect to an individual described in section

1	1905(a)(4)(B) and covered under the State plan
2	under section 1902(a)(10)(A) of the services de-
3	scribed in $section$ $1905(a)(4)(B)$ $(relating$ to
4	early and periodic screening, diagnostic, and
5	treatment $services$ $defined$ in $section$ $1905(r))$
6	and provided in accordance with section
7	1902(a)(43), such plan shall be deemed to satisfy
8	the requirements of subparagraph (A).".
9	(b) Conforming Amendments.—Section 2103 (42
10	U.S.C. 1397cc) is amended—
11	(1) in subsection (a), as amended by section
12	501(a)(1)(A)(i), in the matter preceding paragraph
13	(1), by inserting ", (6)," after "(5)"; and
14	(2) in subsection $(c)(2)$, by striking subpara-
15	graph (B) and redesignating subparagraphs (C) and
16	(D) as subparagraphs (B) and (C), respectively.
17	SEC. 503. APPLICATION OF PROSPECTIVE PAYMENT SYSTEM
18	FOR SERVICES PROVIDED BY FEDERALLY-
19	QUALIFIED HEALTH CENTERS AND RURAL
20	HEALTH CLINICS.
21	(a) Application of Prospective Payment Sys-
22	TEM.—
23	(1) In General.—Section 2107(e)(1) (42 U.S.C.
24	1397gg(e)(1)), as amended by section $501(c)(2)$ is
25	amended by inserting after subparagraph (C) the fol-

- lowing new subparagraph (and redesignating the succeeding subparagraphs accordingly):
- 3 "(D) Section 1902(bb) (relating to payment 4 for services provided by Federally-qualified 5 health centers and rural health clinics).".
 - (2) Effective date.—The amendment made by paragraph (1) shall apply to services provided on or after October 1, 2008.

(b) Transition Grants.—

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(1) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to the Secretary for fiscal year 2008, \$5,000,000, to remain available until expended, for the purpose of awarding grants to States with State child health plans under CHIP that are operated separately from the State Medicaid plan under title XIX of the Social Security Act (including any waiver of such plan), or in combination with the State Medicaid plan, for expenditures related to transitioning to compliance with the requirement of section 2107(e)(1)(D) of the Social Security Act (as added by subsection (a)) to apply the prospective payment system established under section 1902(bb) of the such Act (42 U.S.C. 1396a(bb)) to services provided by Federally-qualified health centers and rural health clinics.

1	(2) Monitoring and report.—The Secretary
2	shall monitor the impact of the application of such
3	prospective payment system on the States described in
4	paragraph (1) and, not later than October 1, 2010,
5	shall report to Congress on any effect on access to ben-
6	efits, provider payment rates, or scope of benefits of-
7	fered by such States as a result of the application of
8	such payment system.
9	SEC. 504. PREMIUM GRACE PERIOD.
10	(a) In General.—Section 2103(e)(3) (42 U.S.C.
11	1397cc(e)(3)) is amended by adding at the end the following
12	new subparagraph:
13	"(C) Premium Grace Period.—The State
14	child health plan—
15	"(i) shall afford individuals enrolled
16	under the plan a grace period of at least 30
17	days from the beginning of a new coverage
18	period to make premium payments before
19	the individual's coverage under the plan
20	may be terminated; and
21	"(ii) shall provide to such an indi-
22	vidual, not later than 7 days after the first
23	day of such grace period, notice—
24	"(I) that failure to make a pre-
25	mium payment within the grace period

1	will result in termination of coverage
2	under the State child health plan; and
3	"(II) of the individual's right to
4	challenge the proposed termination
5	pursuant to the applicable Federal reg-
6	ulations.
7	For purposes of clause (i), the term 'new cov-
8	erage period' means the month immediately fol-
9	lowing the last month for which the premium
10	has been paid.".
11	(b) Effective Date.—The amendment made by sub-
12	section (a) shall apply to new coverage periods beginning
13	on or after January 1, 2009.
14	SEC. 505. DEMONSTRATION PROJECTS RELATING TO DIA-
1.5	BETES PREVENTION.
15	DETES FREVENTION.
15 16	There is authorized to be appropriated \$15,000,000
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16 17	There is authorized to be appropriated \$15,000,000
16 17 18	There is authorized to be appropriated \$15,000,000 during the period of fiscal years 2008 through 2012 to fund
16 17 18 19	There is authorized to be appropriated \$15,000,000 during the period of fiscal years 2008 through 2012 to fund demonstration projects in up to 10 States over 3 years for
16 17 18 19 20	There is authorized to be appropriated \$15,000,000 during the period of fiscal years 2008 through 2012 to fund demonstration projects in up to 10 States over 3 years for voluntary incentive programs to promote children's receipt
16 17 18 19 20 21	There is authorized to be appropriated \$15,000,000 during the period of fiscal years 2008 through 2012 to fund demonstration projects in up to 10 States over 3 years for voluntary incentive programs to promote children's receipt of relevant screenings and improvements in healthy eating
16 17 18 19 20 21	There is authorized to be appropriated \$15,000,000 during the period of fiscal years 2008 through 2012 to fund demonstration projects in up to 10 States over 3 years for voluntary incentive programs to promote children's receipt of relevant screenings and improvements in healthy eating and physical activity with the aim of reducing the inci-
16 17 18 19 20 21 22 23	There is authorized to be appropriated \$15,000,000 during the period of fiscal years 2008 through 2012 to fund demonstration projects in up to 10 States over 3 years for voluntary incentive programs to promote children's receipt of relevant screenings and improvements in healthy eating and physical activity with the aim of reducing the incidence of type 2 diabetes. Such programs may involve reduc-

1	may also provide financial bonuses for partnerships with
2	entities, such as schools, which increase their education and
3	efforts with respect to reducing the incidence of type 2 dia-
4	betes and may also devise incentives for providers serving
5	children covered under this title and title XIX to perform
6	relevant screening and counseling regarding healthy eating
7	and physical activity. Upon completion of these demonstra-
8	tions, the Secretary shall provide a report to Congress on
9	the results of the State demonstration projects and the de-
10	gree to which they helped improve health outcomes related
11	to type 2 diabetes in children in those States.
12	SEC. 506. CLARIFICATION OF COVERAGE OF SERVICES PRO-
13	VIDED THROUGH SCHOOL-BASED HEALTH
14	CENTERS.
15	Section 2103(c) (42 U.S.C. 1397cc(c)), as amended by
16	section 501(a)(1)(B), is amended by adding at the end the
17	following new paragraph:
18	"(8) Availability of coverage for items
19	AND SERVICES FURNISHED THROUGH SCHOOL-BASED
20	Health centers.—Nothing in this title shall be con-
21	strued as limiting a State's ability to provide child
2122	strued as limiting a State's ability to provide child health assistance for covered items and services that

1	TITLE VI—PROGRAM INTEGRITY
2	AND OTHER MISCELLANEOUS
3	PROVISIONS
4	Subtitle A—Program Integrity and
5	Data Collection
6	SEC. 601. PAYMENT ERROR RATE MEASUREMENT ("PERM").
7	(a) Expenditures Related to Compliance With
8	Requirements.—
9	(1) Enhanced payments.—Section 2105(c) (42
10	$U.S.C.\ 1397ee(c)),\ as\ amended\ by\ section\ 301(a),\ is$
11	amended by adding at the end the following new
12	paragraph:
13	"(12) Enhanced payments.—Notwithstanding
14	subsection (b), the enhanced FMAP with respect to
15	payments under subsection (a) for expenditures re-
16	lated to the administration of the payment error rate
17	measurement (PERM) requirements applicable to the
18	State child health plan in accordance with the Im-
19	proper Payments Information Act of 2002 and parts
20	431 and 457 of title 42, Code of Federal Regulations
21	(or any related or successor guidance or regulations)
22	shall in no event be less than 90 percent.".
23	(2) Exclusion of from cap on administra-
24	TIVE EXPENDITURES.—Section $2105(c)(2)(C)$ (42)
25	U.S.C. 1397ee(c)(2)C)), as amended by section

1 302(b)), is amended by adding at the end the fol-2 lowing: 3 Payment error rate meas-4 EXPENDITURES.—Ex-UREMENT(PERM) penditures related to the administration of 5 6 payment error ratemeasurement 7 (PERM) requirements applicable to the 8 State child health plan in accordance with 9 the Improper Payments Information Act of 2002 and parts 431 and 457 of title 42, 10 11 Code of Federal Regulations (or any related 12 or successor guidance or regulations).". 13 (b) Final Rule Required To Be in Effect for ALL STATES.—Notwithstanding parts 431 and 457 of title 14 15 42, Code of Federal Regulations (as in effect on the date of enactment of this Act), the Secretary shall not calculate 16 or publish any national or State-specific error rate based on the application of the payment error rate measurement 18 19 (in this section referred to as "PERM") requirements to 20 CHIP until after the date that is 6 months after the date 21 on which a final rule implementing such requirements in accordance with the requirements of subsection (c) is in effect for all States. Any calculation of a national error rate or a State specific error rate after such final rule in effect 25 for all States may only be inclusive of errors, as defined

1	in such final rule or in guidance issued within a reasonable
2	time frame after the effective date for such final rule that
3	includes detailed guidance for the specific methodology for
4	error determinations.
5	(c) Requirements for Final Rule.—For purposes
6	of subsection (b), the requirements of this subsection are that
7	the final rule implementing the PERM requirements
8	shall—
9	(1) include—
10	(A) clearly defined criteria for errors for
11	both States and providers;
12	(B) a clearly defined process for appealing
13	error determinations by—
14	(i) review contractors; or
15	(ii) the agency and personnel described
16	in section 431.974(a)(2) of title 42, Code of
17	Federal Regulations, as in effect on Sep-
18	tember 1, 2007, responsible for the develop-
19	ment, direction, implementation, and eval-
20	uation of eligibility reviews and associated
21	activities; and
22	(C) clearly defined responsibilities and
23	deadlines for States in implementing any correc-
24	tive action plans; and

- 1 (2) provide that the payment error rate deter-2 mined for a State shall not take into account pay-3 ment errors resulting from the State's verification of 4 an applicant's self-declaration or self-certification of eligibility for, and the correct amount of, medical as-5 6 sistance or child health assistance, if the State process 7 for verifying an applicant's self-declaration or self-8 certification satisfies the requirements for such process 9 applicable under regulations promulgated by the Sec-10 retary or otherwise approved by the Secretary. 11 (d) Option for Application of Data for States IN FIRST APPLICATION CYCLE UNDER THE INTERIM FINAL Rule.—After the final rule implementing the PERM requirements in accordance with the requirements of sub-14 section (c) is in effect for all States, a State for which the PERM requirements were first in effect under an interim final rule for fiscal year 2007 may elect to accept any pay-18 ment error rate determined in whole or in part for the State
- 20 not have any payment error rate determined on the basis

on the basis of data for that fiscal year or may elect to

- 21 of such data and, instead, shall be treated as if fiscal year
- 22 2010 were the first fiscal year for which the PERM require-
- 23 ments apply to the State.

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24 (e) Harmonization of MEQC and PERM.—

- 1 (1) REDUCTION OF REDUNDANCIES.—The Sec-2 retary shall review the Medicaid Eligibility Quality 3 Control (in this subsection referred to as the 4 "MEQC") requirements with the PERM requirements 5 and coordinate consistent implementation of both sets 6 of requirements, while reducing redundancies.
 - (2) State option to apply PERM data.—A State may elect, for purposes of determining the erroneous excess payments for medical assistance ratio applicable to the State for a fiscal year under section 1903(u) of the Social Security Act (42 U.S.C. 1396b(u)) to substitute data resulting from the application of the PERM requirements to the State after the final rule implementing such requirements is in effect for all States for data obtained from the application of the MEQC requirements to the State with respect to a fiscal year.
 - (3) STATE OPTION TO APPLY MEQC DATA.—For purposes of satisfying the requirements of subpart Q of part 431 of title 42, Code of Federal Regulations, as in effect on September 1, 2007, relating to Medicaid eligibility reviews, a State may elect to substitute data obtained through MEQC reviews conducted in accordance with section 1903(u) of the Social Security Act (42 U.S.C. 1396b(u)) for data re-

- 1 quired for purposes of PERM requirements, but only
- 2 if the State MEQC reviews are based on a broad, rep-
- 3 resentative sample of Medicaid applicants or enrollees
- 4 in the States.
- 5 (f) Identification of Improved State-Specific
- 6 Sample Sizes.—The Secretary shall establish State-spe-
- 7 cific sample sizes for application of the PERM requirements
- 8 with respect to State child health plans for fiscal years be-
- 9 ginning with fiscal year 2009, on the basis of such informa-
- 10 tion as the Secretary determines appropriate. In estab-
- 11 lishing such sample sizes, the Secretary shall, to the greatest
- 12 extent practicable—
- 13 (1) minimize the administrative cost burden on
- 14 States under Medicaid and CHIP; and
- 15 (2) maintain State flexibility to manage such
- 16 programs.
- 17 SEC. 602. IMPROVING DATA COLLECTION.
- 18 (a) Increased Appropriation.—Section 2109(b)(2)
- 19 $(42 \quad U.S.C. \quad 1397ii(b)(2))$ is amended by striking
- 20 "\$10,000,000 for fiscal year 2000" and inserting
- 21 "\$20,000,000 for fiscal year 2008".
- 22 (b) Use of Additional Funds.—Section 2109(b) (42
- 23 U.S.C. 1397ii(b)), as amended by subsection (a), is amend-
- 24 *ed*—

1	(1) by redesignating paragraph (2) as para-
2	graph (4); and
3	(2) by inserting after paragraph (1), the fol-
4	lowing new paragraphs:
5	"(2) Additional requirements.—In addition
6	to making the adjustments required to produce the
7	data described in paragraph (1), with respect to data
8	collection occurring for fiscal years beginning with
9	fiscal year 2008, in appropriate consultation with the
10	Secretary of Health and Human Services, the Sec-
11	retary of Commerce shall do the following:
12	"(A) Make appropriate adjustments to the
13	Current Population Survey to develop more ac-
14	curate State-specific estimates of the number of
15	children enrolled in health coverage under title
16	XIX or this title.
17	"(B) Make appropriate adjustments to the
18	Current Population Survey to improve the sur-
19	vey estimates used to determine the child popu-
20	lation growth factor under section $2104(i)(5)(B)$
21	and any other data necessary for carrying out
22	$this\ title.$
23	"(C) Include health insurance survey infor-
24	mation in the American Community Survey re-
25	lated to children.

- 1 "(D) Assess whether American Community
 2 Survey estimates, once such survey data are first
 3 available, produce more reliable estimates than
 4 the Current Population Survey with respect to
 5 the purposes described in subparagraph (B).
 6 "(E) On the basis of the assessment required
 - "(E) On the basis of the assessment required under subparagraph (D), recommend to the Secretary of Health and Human Services whether American Community Survey estimates should be used in lieu of, or in some combination with, Current Population Survey estimates for the purposes described in subparagraph (B).
 - "(F) Continue making the adjustments described in the last sentence of paragraph (1) with respect to expansion of the sample size used in State sampling units, the number of sampling units in a State, and using an appropriate verification element.
 - "(3) AUTHORITY FOR THE SECRETARY OF
 HEALTH AND HUMAN SERVICES TO TRANSITION TO
 THE USE OF ALL, OR SOME COMBINATION OF, ACS ESTIMATES UPON RECOMMENDATION OF THE SECRETARY
 OF COMMERCE.—If, on the basis of the assessment required under paragraph (2)(D), the Secretary of
 Commerce recommends to the Secretary of Health and

1	Human Services that American Community Survey
2	estimates should be used in lieu of, or in some com-
3	bination with, Current Population Survey estimates
4	for the purposes described in paragraph (2)(B), the
5	Secretary of Health and Human Services, in con-
6	sultation with the States, may provide for a period
7	during which the Secretary may transition from car-
8	rying out such purposes through the use of Current
9	Population Survey estimates to the use of American
10	Community Survey estimates (in lieu of, or in com-
11	bination with the Current Population Survey esti-
12	mates, as recommended), provided that any such
13	transition is implemented in a manner that is de-
14	signed to avoid adverse impacts upon States with ap-
15	proved State child health plans under this title.".
16	SEC. 603. UPDATED FEDERAL EVALUATION OF CHIP.
17	Section 2108(c) (42 U.S.C. 1397 $hh(c)$) is amended by
18	striking paragraph (5) and inserting the following:
19	"(5) Subsequent evaluation using updated
20	INFORMATION.—
21	"(A) In General.—The Secretary, directly
22	or through contracts or interagency agreements,
23	shall conduct an independent subsequent evalua-
24	tion of 10 States with approved child health
25	plans.

1	"(B) Selection of states and matters
2	included.—Paragraphs (2) and (3) shall apply
3	to such subsequent evaluation in the same man-
4	ner as such provisions apply to the evaluation
5	conducted under paragraph (1).
6	"(C) Submission to congress.—Not later
7	than December 31, 2010, the Secretary shall sub-
8	mit to Congress the results of the evaluation con-
9	ducted under this paragraph.
10	"(D) Funding.—Out of any money in the
11	Treasury of the United States not otherwise ap-
12	propriated, there are appropriated \$10,000,000
13	for fiscal year 2009 for the purpose of conducting
14	the evaluation authorized under this paragraph.
15	Amounts appropriated under this subparagraph
16	shall remain available for expenditure through
17	fiscal year 2011.".
18	SEC. 604. ACCESS TO RECORDS FOR IG AND GAO AUDITS
19	AND EVALUATIONS.
20	Section 2108(d) (42 U.S.C. 1397 $hh(d)$) is amended to
21	read as follows:
22	"(d) Access to Records for IG and GAO Audits
23	AND EVALUATIONS.—For the purpose of evaluating and au-
24	diting the program established under this title, or title XIX,
25	the Secretary, the Office of Inspector General, and the

1	Comptroller General shall have access to any books, ac-
2	counts, records, correspondence, and other documents that
3	are related to the expenditure of Federal funds under this
4	title and that are in the possession, custody, or control of
5	States receiving Federal funds under this title or political
6	subdivisions thereof, or any grantee or contractor of such
7	States or political subdivisions.".
8	SEC. 605. NO FEDERAL FUNDING FOR ILLEGAL ALIENS.
9	Nothing in this Act allows Federal payment for indi-
10	viduals who are not legal residents.
11	Subtitle B—Miscellaneous Health
12	Provisions
13	SEC. 611. DEFICIT REDUCTION ACT TECHNICAL CORREC-
14	TIONS.
15	(a) Clarification of Requirement to Provide
16	EPSDT SERVICES FOR ALL CHILDREN IN BENCHMARK
17	Benefit Packages Under Medicaid.—Section
18	1937(a)(1) (42 U.S.C. 1396u-7(a)(1)), as inserted by sec-
19	tion 6044(a) of the Deficit Reduction Act of 2005 (Public
20	Law 109–171, 120 Stat. 88), is amended—
21	(1) in subparagraph (A)—
22	(A) in the matter before clause (i)—
23	(i) by striking "Notwithstanding any
24	other provision of this title" and inserting
25	"Notwithstanding section 1902(a)(1) (relat-

1	ing to statewideness), section
2	1902(a)(10)(B) (relating to comparability)
3	and any other provision of this title which
4	would be directly contrary to the authority
5	under this section and subject to subsection
6	(E)"; and
7	(ii) by striking "enrollment in coverage
8	that provides" and inserting "coverage
9	that";
10	(B) in clause (i), by inserting "provides"
11	after "(i)"; and
12	(C) by striking clause (ii) and inserting the
13	following:
14	"(ii) for any individual described in
15	section $1905(a)(4)(B)$ who is eligible under
16	the State plan in accordance with para-
17	graphs (10) and (17) of section 1902(a),
18	consists of the items and services described
19	in section $1905(a)(4)(B)$ (relating to early
20	and periodic screening, diagnostic, and
21	treatment services defined in section
22	1905(r)) and provided in accordance with
23	the requirements of section $1902(a)(43)$.";
24	(2) in subparagraph (C)—

1	(A) in the heading, by striking " WRAP -
2	AROUND" and inserting "ADDITIONAL"; and
3	(B) by striking "wrap-around or"; and
4	(3) by adding at the end the following new sub-
5	paragraph:
6	"(E) Rule of construction.—Nothing in
7	this paragraph shall be construed as—
8	"(i) requiring a State to offer all or
9	any of the items and services required by
10	subparagraph (A)(ii) through an issuer of
11	benchmark coverage described in subsection
12	(b)(1) or benchmark equivalent coverage de-
13	$scribed\ in\ subsection\ (b)(2);$
14	"(ii) preventing a State from offering
15	all or any of the items and services required
16	$by\ subparagraph\ (A)(ii)\ through\ an\ issuer$
17	of benchmark coverage described in sub-
18	section (b)(1) or benchmark equivalent cov-
19	erage described in subsection $(b)(2)$; or
20	"(iii) affecting a child's entitlement to
21	care and services described in subsections
22	(a)(4)(B) and (r) of section 1905 and pro-
23	vided in accordance with section
24	1902(a)(43) whether provided through

I	benchmark coverage, benchmark equivalent
2	coverage, or otherwise.".
3	(b) Correction of Reference to Children in
4	Foster Care Receiving Child Welfare Services.—
5	Section 1937(a)(2)(B)(viii) (42 U.S.C. 1396u-
6	7(a)(2)(B)(viii), as inserted by section 6044(a) of the Def-
7	icit Reduction Act of 2005, is amended by striking "aid
8	or assistance is made available under part B of title IV
9	to children in foster care and individuals" and inserting
10	"child welfare services are made available under part B of
11	title IV on the basis of being a child in foster care or".
12	(c) Transparency.—Section 1937 (42 U.S.C. 1396u-
13	7), as inserted by section 6044(a) of the Deficit Reduction
14	Act of 2005, is amended by adding at the end the following:
15	"(c) Publication of Provisions Affected.—With
16	respect to a State plan amendment to provide benchmark
17	benefits in accordance with subsections (a) and (b) that is
18	approved by the Secretary, the Secretary shall publish on
19	the Internet website of the Centers for Medicare & Medicaid
20	Services, a list of the provisions of this title that the Sec-
21	retary has determined do not apply in order to enable the
22	State to carry out the plan amendment and the reason for
23	each such determination on the date such approval is made,
24	and shall publish such list in the Federal Register and not
25	later than 30 days after such date of approval.".

1	(d) Effective Date.—The amendments made by
2	subsections (a), (b), and (c) of this section shall take effect
3	as if included in the amendment made by section 6044(a)
4	of the Deficit Reduction Act of 2005.
5	SEC. 612. REFERENCES TO TITLE XXI.
6	Section 704 of the Medicare, Medicaid, and SCHIP
7	Balanced Budget Refinement Act of 1999, as enacted into
8	law by division B of Public Law 106–113 (113 Stat.
9	1501A-402) is repealed.
10	SEC. 613. PROHIBITING INITIATION OF NEW HEALTH OP-
11	PORTUNITY ACCOUNT DEMONSTRATION PRO-
12	GRAMS.
13	After the date of the enactment of this Act, the Sec-
14	retary of Health and Human Services may not approve any
15	new demonstration programs under section 1938 of the So-
16	cial Security Act (42 U.S.C. 1396u-8).
17	SEC. 614. COUNTY MEDICAID HEALTH INSURING ORGANIZA
18	TIONS; GAO REPORT ON MEDICAID MANAGED
19	CARE PAYMENT RATES.
20	
_0	(a) In General.—Section 9517(c)(3) of the Consoli-
21	(a) In General.—Section 9517(c)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (42)
21	
21 22	dated Omnibus Budget Reconciliation Act of 1985 (42)

25 Improvement and Protection Act of 2000, is amended—

1	(1) in subparagraph (A), by inserting ", in the
2	case of any health insuring organization described in
3	such subparagraph that is operated by a public entity
4	established by Ventura County, and in the case of any
5	health insuring organization described in such sub-
6	paragraph that is operated by a public entity estab-
7	lished by Merced County" after "described in sub-
8	paragraph (B)"; and
9	(2) in subparagraph (C), by striking "14 per-
10	cent" and inserting "16 percent".
11	(b) Effective Date.—The amendments made by sub-
12	section (a) shall take effect on the date of the enactment
13	of this Act.
14	(c) GAO REPORT ON ACTUARIAL SOUNDNESS OF MED-
15	ICAID MANAGED CARE PAYMENT RATES.—Not later than
16	18 months after the date of the enactment of this Act, the
17	Comptroller General of the United States shall submit a re-
18	port to the Committee on Finance of the Senate and the
19	Committee on Energy and Commerce of the House of Rep-
20	resentatives analyzing the extent to which State payment
21	rates for medicaid managed care organizations under title
22	XIX of the Social Security Act are actuarially sound.

1	SEC. 615. ADJUSTMENT IN COMPUTATION OF MEDICAID
2	FMAP TO DISREGARD AN EXTRAORDINARY
3	EMPLOYER PENSION CONTRIBUTION.
4	(a) In General.—Only for purposes of computing the
5	FMAP (as defined in subsection (e)) for a State for a fiscal
6	year (beginning with fiscal year 2006) and applying the
7	FMAP under title XIX of the Social Security Act, any sig-
8	nificantly disproportionate employer pension or insurance
9	fund contribution described in subsection (b) shall be dis-
10	regarded in computing the per capita income of such State,
11	but shall not be disregarded in computing the per capita
12	income for the continental United States (and Alaska) and
13	Hawaii.
14	(b) Significantly Disproportionate Employer
15	Pension and Insurance Fund Contribution.—
16	(1) In general.—For purposes of this section,
17	a significantly disproportionate employer pension
18	and insurance fund contribution described in this
19	subsection with respect to a State is any identifiable
20	employer contribution towards pension or other em-
21	ployee insurance funds that is estimated to accrue to
22	residents of such State for a calendar year (beginning
23	with calendar year 2003) if the increase in the
24	amount so estimated exceeds 25 percent of the total
25	increase in personal income in that State for the year
26	involved.

- 1 (2) DATA TO BE USED.—For estimating and ad2 justment a FMAP already calculated as of the date of
 3 the enactment of this Act for a State with a signifi4 cantly disproportionate employer pension and insur5 ance fund contribution, the Secretary shall use the
 6 personal income data set originally used in calculating such FMAP.
- 8 (3) SPECIAL ADJUSTMENTFORNEGATIVE 9 GROWTH.—If in any calendar year the total personal 10 income growth in a State is negative, an employer 11 pension and insurance fund contribution for the pur-12 poses of calculating the State's FMAP for a calendar 13 year shall not exceed 125 percent of the amount of 14 such contribution for the previous calendar year for 15 the State.
- 16 (c) Hold Harmless.—No State shall have its FMAP 17 for a fiscal year reduced as a result of the application of 18 this section.
- 19 (d) REPORT.—Not later than May 15, 2008, the Sec-20 retary shall submit to the Congress a report on the problems 21 presented by the current treatment of pension and insur-22 ance fund contributions in the use of Bureau of Economic 23 Affairs calculations for the FMAP and for Medicaid and 24 on possible alternative methodologies to mitigate such prob-

- 1 (e) FMAP DEFINED.—For purposes of this section, the
- 2 term "FMAP" means the Federal medical assistance per-
- 3 centage, as defined in section 1905(b) of the Social Security
- 4 Act (42 U.S.C. 1396(d)).
- 5 SEC. 616. MORATORIUM ON CERTAIN PAYMENT RESTRIC-
- 6 TIONS.
- 7 Notwithstanding any other provision of law, the Sec-
- 8 retary of Health and Human Services shall not, prior to
- 9 May 28, 2008, take any action (through promulgation of
- 10 regulation, issuance of regulatory guidance, use of federal
- 11 payment audit procedures, or other administrative action,
- 12 policy, or practice, including a Medical Assistance Manual
- 13 transmittal or letter to State Medicaid directors) to restrict
- 14 coverage or payment under title XIX of the Social Security
- 15 Act for rehabilitation services, or school-based administra-
- 16 tion, transportation, or medical services if such restrictions
- 17 are more restrictive in any aspect than those applied to
- 18 such coverage or payment as of July 1, 2007.
- 19 SEC. 617. MEDICAID DSH ALLOTMENTS FOR TENNESSEE
- 20 AND HAWAII.
- 21 (a) Tennessee.—The DSH allotments for Tennessee
- 22 for each fiscal year beginning with fiscal year 2008 under
- 23 subsection (f)(3) of section 1923 of the Social Security Act
- 24 (42 U.S.C. 1396r-4) are deemed to be \$30,000,000. The Sec-
- 25 retary of Health and Human Services may impose a limi-

1	tation on the total amount of payments made to hospitals
2	under the TennCare Section 1115 waiver only to the extent
3	that such limitation is necessary to ensure that a hospital
4	does not receive payment in excess of the amounts described
5	in subsection (f) of such section or as necessary to ensure
6	that the waiver remains budget neutral.
7	(b) HAWAII.—Section 1923(f)(6) (42 U.S.C. 1396r-
8	4(f)(6)) is amended—
9	(1) in the paragraph heading, by striking "FOR
10	FISCAL YEAR 2007"; and
11	(2) in subparagraph (B)—
12	(A) in clause (i), by striking "Only with re-
13	spect to fiscal year 2007" and inserting "With
14	respect to each of fiscal years 2007 and 2008";
15	(B) by redesignating clause (ii) as clause
16	(iv); and
17	(C) by inserting after clause (i), the fol-
18	lowing new clauses:
19	"(ii) Treatment as a low-dsh
20	STATE.—With respect to fiscal year 2009
21	and each fiscal year thereafter, notwith-
22	standing the table set forth in paragraph
23	(2), the DSH allotment for Hawaii shall be
24	increased in the same manner as allotments
25	for low DSH States are increased for such

1	fiscal year under clauses (ii) and (iii) of
2	$paragraph\ (5)(B).$
3	"(iii) Certain hospital pay-
4	MENTS.—The Secretary may not impose a
5	limitation on the total amount of payments
6	made to hospitals under the QUEST section
7	1115 Demonstration Project except to the
8	extent that such limitation is necessary to
9	ensure that a hospital does not receive pay-
10	ments in excess of the amounts described in
11	subsection (g), or as necessary to ensure
12	that such payments under the waiver and
13	such payments pursuant to the allotment
14	provided in this section do not, in the ag-
15	gregate in any year, exceed the amount that
16	the Secretary determines is equal to the
17	Federal medical assistance percentage com-
18	ponent attributable to disproportionate
19	share hospital payment adjustments for

such year that is reflected in the budget

neutrality provision of the QUEST Dem-

onstration Project.".

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1	SEC. 618. CLARIFICATION TREATMENT OF REGIONAL MED-
2	ICAL CENTER.
3	(a) In General.—Nothing in section 1903(w) of the
4	Social Security Act (42 U.S.C. 1396b(w)) shall be construed
5	by the Secretary of Health and Human Services as prohib-
6	iting a State's use of funds as the non-Federal share of ex-
7	penditures under title XIX of such Act where such funds
8	are transferred from or certified by a publicly-owned re-
9	gional medical center located in another State and de-
10	scribed in subsection (b), so long as the Secretary deter-
11	mines that such use of funds is proper and in the interest
12	of the program under title XIX.
13	(b) Center Described.—A center described in this
14	subsection is a publicly-owned regional medical center
15	that—
16	(1) provides level 1 trauma and burn care serv-
17	ices;
18	(2) provides level 3 neonatal care services;
19	(3) is obligated to serve all patients, regardless of
20	ability to pay;
21	(4) is located within a Standard Metropolitan
22	Statistical Area (SMSA) that includes at least 3
23	States;
24	(5) provides services as a tertiary care provider
25	for patients residing within a 125-mile radius; and

1	(6) meets the criteria for a disproportionate
2	share hospital under section 1923 of such Act (42
3	U.S.C. 1396r-4) in at least one State other than the
4	State in which the center is located.
5	SEC. 619. EXTENSION OF SSI WEB-BASED ASSET DEM-
6	ONSTRATION PROJECT TO THE MEDICAID
7	PROGRAM.
8	(a) In General.—Beginning on October 1, 2012, the
9	Secretary of Health and Human Services shall provide for
10	the application to asset eligibility determinations under the
11	Medicaid program under title XIX of the Social Security
12	Act of the automated, secure, web-based asset verification
13	request and response process being applied for determining
14	eligibility for benefits under the Supplemental Security In-
15	come (SSI) program under title XVI of such Act under a
16	demonstration project conducted under the authority of sec-
17	tion $1631(e)(1)(B)(ii)$ of such Act (42 U.S.C.
18	1383(e)(1)(B)(ii)).
19	(b) Limitation.—Such application shall only extend
20	to those States in which such demonstration project is oper-
21	ating and only for the period in which such project is other-
22	wise provided.
23	(c) Rules of Application.—For purposes of car-
24	rying out subsection (a), notwithstanding any other provi-

25 sion of law, information obtained from a financial institu-

1	tion that is used for purposes of eligibility determinations
2	under such demonstration project with respect to the Sec-
3	retary of Health and Human Services under the SSI pro-
4	gram may also be shared and used by States for purposes
5	of eligibility determinations under the Medicaid program.
6	In applying section $1631(e)(1)(B)(ii)$ of the Social Security
7	Act under this subsection, references to the Commissioner
8	of Social Security and benefits under title XVI of such Act
9	shall be treated as including a reference to a State described
10	in subsection (b) and medical assistance under title XIX
11	of such Act provided by such a State.
12	Subtitle C—Other Provisions
13	SEC. 621. SUPPORT FOR INJURED SERVICEMEMBERS.
14	(a) Short Title.—This section may be cited as the
15	"Support for Injured Servicemembers Act".
16	(b) Servicemended Family I have
17	(b) Servicemember Family Leave.—
1 /	(1) Definitions.—Section 101 of the Family
18	
	(1) Definitions.—Section 101 of the Family
18	(1) Definitions.—Section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611) is
18 19	(1) Definitions.—Section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611) is amended by adding at the end the following:
18 19 20	(1) Definitions.—Section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611) is amended by adding at the end the following: "(14) Active Duty.—The term 'active duty'
18 19 20 21	(1) Definitions.—Section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611) is amended by adding at the end the following: "(14) Active Duty.—The term 'active duty' means duty under a call or order to active duty
18 19 20 21 22	(1) Definitions.—Section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611) is amended by adding at the end the following: "(14) Active Duty.—The term 'active duty' means duty under a call or order to active duty under a provision of law referred to in section

1	Armed Forces, including a member of the National
2	Guard or a Reserve, who is undergoing medical treat-
3	ment, recuperation, or therapy, is otherwise in med-
4	ical hold or medical holdover status, or is otherwise
5	on the temporary disability retired list, for a serious
6	injury or illness.
7	"(16) Medical hold or medical holdover
8	STATUS.—The term 'medical hold or medical holdover
9	status' means—
10	"(A) the status of a member of the Armed
11	Forces, including a member of the National
12	Guard or a Reserve, assigned or attached to a
13	military hospital for medical care; and
14	"(B) the status of a member of a reserve
15	component of the Armed Forces who is separated,
16	whether pre-deployment or post-deployment,
17	from the member's unit while in need of health
18	care based on a medical condition identified
19	while the member is on active duty in the Armed
20	Forces.
21	"(17) Next of kin.—The term 'next of kin',
22	used with respect to an individual, means the nearest
23	blood relative of that individual.
24	"(18) Serious injury or illness.—The term
25	'serious injury or illness', in the case of a member of

- the Armed Forces, means an injury or illness incurred by the member in line of duty on active duty in the Armed Forces that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating.".
 - (2) Entitlement to leave.—Section 102(a) of such Act (29 U.S.C. 2612(a)) is amended by adding at the end the following:
 - "(3) Servicemember family leave.—Subject to section 103, an eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember shall be entitled to a total of 26 workweeks of leave during a 12-month period to care for the servicemember. The leave described in this paragraph shall only be available during a single 12-month period.
 - "(4) Combined Leave total.—During the single 12-month period described in paragraph (3), an eligible employee shall be entitled to a combined total of 26 workweeks of leave under paragraphs (1) and (3). Nothing in this paragraph shall be construed to limit the availability of leave under paragraph (1) during any other 12-month period."
- 24 (3) Requirements relating to leave.—

1	(A) Schedule.—Section 102(b) of such Act
2	(29 U.S.C. 2612(b)) is amended—
3	(i) in paragraph (1), in the second
4	sentence—
5	(I) by striking "section 103(b)(5)"
6	and inserting "subsection (b)(5) or (f)
7	(as appropriate) of section 103"; and
8	(II) by inserting "or under sub-
9	section $(a)(3)$ " after "subsection"
10	(a)(1)"; and
11	(ii) in paragraph (2), by inserting "or
12	under subsection (a)(3)" after "subsection
13	(a)(1)".
14	(B) Substitution of paid leave.—Sec-
15	tion 102(d) of such Act (29 U.S.C. 2612(d)) is
16	amended—
17	(i) in paragraph (1)—
18	(I) by inserting "(or 26 work-
19	weeks in the case of leave provided
20	$under \ subsection \ (a)(3))$ " after "12
21	workweeks" the first place it appears;
22	and
23	(II) by inserting "(or 26 work-
24	weeks, as appropriate)" after "12

1	workweeks" the second place it ap-
2	pears; and
3	(ii) in paragraph (2)(B), by adding at
4	the end the following: "An eligible employee
5	may elect, or an employer may require the
6	employee, to substitute any of the accrued
7	paid vacation leave, personal leave, family
8	leave, or medical or sick leave of the em-
9	ployee for leave provided under subsection
10	(a)(3) for any part of the 26-week period of
11	such leave under such subsection.".
12	(C) Notice.—Section 102(e)(2) of such Act
13	(29 U.S.C. 2612(e)(2)) is amended by inserting
14	"or under subsection (a)(3)" after "subsection
15	(a)(1)".
16	(D) Spouses employed by same em-
17	PLOYER.—Section 102(f) of such Act (29 U.S.C.
18	2612(f)) is amended—
19	(i) by redesignating paragraphs (1)
20	and (2) as subparagraphs (A) and (B), and
21	aligning the margins of the subparagraphs
22	with the margins of section $102(e)(2)(A)$;
23	(ii) by striking "In any" and inserting
24	$the\ following:$
25	"(1) In general.—In any"; and

1	(iii) by adding at the end the fol-
2	lowing:
3	"(2) Servicemember family leave.—
4	"(A) In General.—The aggregate number
5	of workweeks of leave to which both that husband
6	and wife may be entitled under subsection (a)
7	may be limited to 26 workweeks during the sin-
8	gle 12-month period described in subsection
9	(a)(3) if the leave is—
10	"(i) leave under subsection (a)(3); or
11	"(ii) a combination of leave under sub-
12	section (a)(3) and leave described in para-
13	graph(1).
14	"(B) Both limitations applicable.—If
15	the leave taken by the husband and wife includes
16	leave described in paragraph (1), the limitation
17	in paragraph (1) shall apply to the leave de-
18	scribed in paragraph (1).".
19	(E) Certification.—Section 103 of such
20	Act (29 U.S.C. 2613) is amended by adding at
21	the end the following:
22	"(f) Certification for Servicemember Family
23	Leave.—An employer may require that a request for leave
24	under section 102(a)(3) be supported by a certification

1	issued at such time and in such manner as the Secretary
2	may by regulation prescribe.".
3	(F) Failure to return.—Section 104(c)
4	of such Act (29 U.S.C. 2614(c)) is amended—
5	(i) in paragraph $(2)(B)(i)$, by insert-
6	ing "or under section 102(a)(3)" before the
7	semicolon; and
8	(ii) in paragraph (3)(A)—
9	(I) in clause (i), by striking "or"
10	at the end;
11	(II) in clause (ii), by striking the
12	period and inserting "; or"; and
13	(III) by adding at the end the fol-
14	lowing:
15	"(iii) a certification issued by the
16	health care provider of the servicemember
17	being cared for by the employee, in the case
18	of an employee unable to return to work be-
19	cause of a condition specified in section
20	102(a)(3).".
21	(G) Enforcement.—Section 107 of such
22	Act (29 U.S.C. 2617) is amended, in subsection
23	(a)(1)(A)(i)(II), by inserting "(or 26 weeks, in a
24	case involving leave under section $102(a)(3)$)"
25	after "12 weeks".

1	(H) Instructional employees.—Section
2	108 of such Act (29 U.S.C. 2618) is amended, in
3	subsections $(c)(1)$, $(d)(2)$, and $(d)(3)$, by insert-
4	ing "or under section 102(a)(3)" after "section
5	102(a)(1)".
6	(c) Servicemember Family Leave for Civil Serv-
7	ICE EMPLOYEES.—
8	(1) Definitions.—Section 6381 of title 5,
9	United States Code, is amended—
10	(A) in paragraph (5), by striking "and" at
11	$the\ end;$
12	(B) in paragraph (6), by striking the period
13	and inserting "; and"; and
14	(C) by adding at the end the following:
15	"(7) the term 'active duty' means duty under a
16	call or order to active duty under a provision of law
17	referred to in section 101(a)(13)(B) of title 10, United
18	States Code;
19	"(8) the term 'covered servicemember' means a
20	member of the Armed Forces, including a member of
21	the National Guard or a Reserve, who is undergoing
22	medical treatment, recuperation, or therapy, is other-
23	wise in medical hold or medical holdover status, or is
24	otherwise on the temporary disability retired list, for
25	a serious iniuru or illness:

1	"(9) the term 'medical hold or medical holdover
2	status' means—
3	"(A) the status of a member of the Armed
4	Forces, including a member of the National
5	Guard or a Reserve, assigned or attached to a
6	military hospital for medical care; and
7	"(B) the status of a member of a reserve
8	component of the Armed Forces who is separated,
9	whether pre-deployment or post-deployment,
10	from the member's unit while in need of health
11	care based on a medical condition identified
12	while the member is on active duty in the Armed
13	Forces;
14	"(10) the term 'next of kin', used with respect to
15	an individual, means the nearest blood relative of
16	that individual; and
17	"(11) the term 'serious injury or illness', in the
18	case of a member of the Armed Forces, means an in-
19	jury or illness incurred by the member in line of duty
20	on active duty in the Armed Forces that may render
21	the member medically unfit to perform the duties of
22	the member's office, grade, rank, or rating.".
23	(2) Entitlement to leave.—Section 6382(a)
24	of such title is amended by adding at the end the fol-
25	lowing:

1	"(3) Subject to section 6383, an employee who is
2	the spouse, son, daughter, parent, or next of kin of a
3	covered servicemember shall be entitled to a total of
4	26 administrative workweeks of leave during a 12-
5	month period to care for the servicemember. The leave
6	described in this paragraph shall only be available
7	during a single 12-month period.
8	"(4) During the single 12-month period described
9	in paragraph (3), an employee shall be entitled to a
10	combined total of 26 administrative workweeks of
11	leave under paragraphs (1) and (3). Nothing in this
12	paragraph shall be construed to limit the availability
13	of leave under paragraph (1) during any other 12-
14	month period.".
15	(3) Requirements relating to leave.—
16	(A) Schedule.—Section 6382(b) of such
17	title is amended—
18	(i) in paragraph (1), in the second
19	sentence—
20	(I) by striking "section
21	6383(b)(5)" and inserting "subsection
22	(b)(5) or (f) (as appropriate) of section
23	6383"; and

1	(II) by inserting "or under sub-
2	section $(a)(3)$ " $after$ "subsection
3	(a)(1)"; and
4	(ii) in paragraph (2), by inserting "or
5	under subsection (a)(3)" after "subsection
6	(a)(1)".
7	(B) Substitution of paid leave.—Sec-
8	tion 6382(d) of such title is amended by adding
9	at the end the following: "An employee may elect
10	to substitute for leave under subsection $(a)(3)$
11	any of the employee's accrued or accumulated
12	annual or sick leave under subchapter I for any
13	part of the 26-week period of leave under such
14	subsection.".
15	(C) Notice.—Section 6382(e) of such title
16	is amended by inserting "or under subsection
17	(a)(3)" after "subsection $(a)(1)$ ".
18	(D) Certification.—Section 6383 of such
19	title is amended by adding at the end the fol-
20	lowing:
21	"(f) An employing agency may require that a request
22	for leave under section 6382(a)(3) be supported by a certifi-
23	cation issued at such time and in such manner as the Office
24	of Personnel Management may by regulation prescribe.".

1 SEC. 622. MILITARY FAMILY JOB PROTECTION.

2	(a) Short Title.—This section may be cited as the
3	"Military Family Job Protection Act".
4	(b) Prohibition on Discrimination in Employ-
5	MENT AGAINST CERTAIN FAMILY MEMBERS CARING FOR
6	Recovering Members of the Armed Forces.—A fam-
7	ily member of a recovering servicemember described in sub-
8	section (c) shall not be denied retention in employment, pro-
9	motion, or any benefit of employment by an employer on
10	the basis of the family member's absence from employment
11	as described in that subsection, for a period of not more
12	than 52 workweeks.
13	(c) Covered Family Members.—A family member
14	described in this subsection is a family member of a recov-
15	ering servicemember who is—
16	(1) on invitational orders while caring for the
17	recovering servicemember;
18	(2) a non-medical attendee caring for the recov-
19	ering servicemember; or
20	(3) receiving per diem payments from the De-
21	partment of Defense while caring for the recovering
22	servicemember.
23	(d) Treatment of Actions.—An employer shall be
24	considered to have engaged in an action prohibited by sub-
25	section (b) with respect to a person described in that sub-
26	section if the absence from employment of the person as de-

- 1 scribed in that subsection is a motivating factor in the em-
- 2 ployer's action, unless the employer can prove that the ac-
- 3 tion would have been taken in the absence of the absence
- 4 of employment of the person.
- 5 (e) Definitions.—In this section:
- 6 (1) BENEFIT OF EMPLOYMENT.—The term "ben-7 efit of employment" has the meaning given such term 8 in section 4303 of title 38, United States Code.
- 9 (2) CARING FOR.—The term "caring for", used 10 with respect to a recovering servicemember, means 11 providing personal, medical, or convalescent care to 12 the recovering servicemember, under circumstances 13 that substantially interfere with an employee's ability 14 to work.
 - (3) EMPLOYER.—The term "employer" has the meaning given such term in section 4303 of title 38, United States Code, except that the term does not include any person who is not considered to be an employer under title I of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611 et seq.) because the person does not meet the requirements of section 101(4)(A)(i) of such Act (29 U.S.C. 2611(4)(A)(i)).
- 23 (4) Family memBer.—The term "family mem-24 ber", with respect to a recovering servicemember, has

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1	the meaning given that term in section 411h(b) of
2	title 37, United States Code.
3	(5) Recovering servicemember.—The term
4	"recovering servicemember" means a member of the
5	Armed Forces, including a member of the National
6	Guard or a Reserve, who is undergoing medical treat-
7	ment, recuperation, or therapy, or is otherwise in
8	medical hold or medical holdover status, for an in-
9	jury, illness, or disease incurred or aggravated while
10	on active duty in the Armed Forces.
11	SEC. 623. OUTREACH REGARDING HEALTH INSURANCE OP-
12	TIONS AVAILABLE TO CHILDREN.
13	(a) Definitions.—In this section—
14	(1) the terms "Administration" and "Adminis-
15	trator" means the Small Business Administration
16	and the Administrator thereof, respectively;
17	(2) the term "certified development company"
18	means a development company participating in the
19	program under title V of the Small Business Invest-
20	ment Act of 1958 (15 U.S.C. 695 et seq.);
21	(3) the term "Medicaid program" means the pro-
22	gram established under title XIX of the Social Secu-
23	rity Act (42 U.S.C. 1396 et seq.);
24	(4) the term "Service Corps of Retired Execu-
25	tives" means the Service Corps of Retired Executives

1	authorized by section $8(b)(1)$ of the Small Business
2	Act (15 U.S.C. 637(b)(1));
3	(5) the term "small business concern" has the
4	meaning given that term in section 3 of the Small
5	Business Act (15 U.S.C. 632);
6	(6) the term "small business development center"
7	means a small business development center described
8	in section 21 of the Small Business Act (15 U.S.C.
9	648);
10	(7) the term "State" has the meaning given that
11	term for purposes of title XXI of the Social Security
12	Act (42 U.S.C. 1397aa et seq.);
13	(8) the term "State Children's Health Insurance
14	Program" means the State Children's Health Insur-
15	ance Program established under title XXI of the So-
16	cial Security Act (42 U.S.C. 1397aa et seq.);
17	(9) the term "task force" means the task force es-
18	tablished under subsection (b)(1); and
19	(10) the term "women's business center" means
20	a women's business center described in section 29 of
21	the Small Business Act (15 U.S.C. 656).
22	(b) Establishment of Task Force.—
23	(1) Establishment.—There is established a
24	task force to conduct a nationwide campaign of edu-
25	cation and outreach for small business concerns re-

1	garding the availability of coverage for children
2	through private insurance options, the Medicaid pro-
3	gram, and the State Children's Health Insurance Pro-
4	gram.
5	(2) Membership.—The task force shall consist
6	of the Administrator, the Secretary of Health and
7	Human Services, the Secretary of Labor, and the Sec-
8	retary of the Treasury.
9	(3) Responsibilities.—The campaign con-
10	ducted under this subsection shall include—
11	(A) efforts to educate the owners of small
12	business concerns about the value of health cov-
13	erage for children;
14	(B) information regarding options available
15	to the owners and employees of small business
16	concerns to make insurance more affordable, in-
17	cluding Federal and State tax deductions and
18	credits for health care-related expenses and
19	health insurance expenses and Federal tax exclu-
20	sion for health insurance options available under
21	employer-sponsored cafeteria plans under section
22	125 of the Internal Revenue Code of 1986;
23	(C) efforts to educate the owners of small
24	business concerns about assistance available
25	through public programs; and

1	(D) efforts to educate the owners and em-
2	ployees of small business concerns regarding the
3	availability of the hotline operated as part of the
4	Insure Kids Now program of the Department of
5	Health and Human Services.
6	(4) Implementation.—In carrying out this sub-
7	section, the task force may—
8	(A) use any business partner of the Admin-
9	istration, including—
10	(i) a small business development cen-
11	ter;
12	(ii) a certified development company;
13	(iii) a women's business center; and
14	(iv) the Service Corps of Retired Ex-
15	ecutives;
16	(B) enter into—
17	(i) a memorandum of understanding
18	with a chamber of commerce; and
19	(ii) a partnership with any appro-
20	priate small business concern or health ad-
21	vocacy group; and
22	(C) designate outreach programs at regional
23	offices of the Department of Health and Human
24	Services to work with district offices of the Ad-
25	ministration.

1	(5) Website.—The Administrator shall ensure
2	that links to information on the eligibility and enroll-
3	ment requirements for the Medicaid program and
4	State Children's Health Insurance Program of each
5	State are prominently displayed on the website of the
6	Administration.
7	(6) Report.—
8	(A) In General.—Not later than 2 years
9	after the date of enactment of this Act, and every
10	2 years thereafter, the Administrator shall sub-
11	mit to the Committee on Small Business and
12	Entrepreneurship of the Senate and the Com-
13	mittee on Small Business of the House of Rep-
14	resentatives a report on the status of the nation-
15	wide campaign conducted under paragraph (1).
16	(B) Contents.—Each report submitted
17	under subparagraph (A) shall include a status
18	update on all efforts made to educate owners and
19	employees of small business concerns on options
20	for providing health insurance for children
21	through public and private alternatives.
22	SEC. 624. SENSE OF SENATE REGARDING ACCESS TO AF-
23	FORDABLE AND MEANINGFUL HEALTH IN-
24	SURANCE COVERAGE.
25	(a) FINDINGS.—The Senate finds the following:

1	(1) There are approximately 45 million Ameri-
2	cans currently without health insurance.
3	(2) More than half of uninsured workers are em-
4	ployed by businesses with less than 25 employees or
5	are self-employed.
6	(3) Health insurance premiums continue to rise
7	at more than twice the rate of inflation for all con-
8	sumer goods.
9	(4) Individuals in the small group and indi-
10	vidual health insurance markets usually pay more for
11	similar coverage than those in the large group market.
12	(5) The rapid growth in health insurance costs
13	over the last few years has forced many employers,
14	particularly small employers, to increase deductibles
15	and co-pays or to drop coverage completely.
16	(b) Sense of the Senate.—The Senate—
17	(1) recognizes the necessity to improve afford-
18	ability and access to health insurance for all Ameri-
19	cans;
20	(2) acknowledges the value of building upon the
21	existing private health insurance market; and
22	(3) affirms its intent to enact legislation this
23	year that, with appropriate protection for consumers,
24	improves access to affordable and meaninaful health

1	insurance coverage for employees of small businesses
2	and individuals by—
3	(A) facilitating pooling mechanisms, in-
4	cluding pooling across State lines, and
5	(B) providing assistance to small businesses
6	and individuals, including financial assistance
7	and tax incentives, for the purchase of private
8	insurance coverage.
9	TITLE VII—REVENUE
10	PROVISIONS
11	SEC. 701. INCREASE IN EXCISE TAX RATE ON TOBACCO
12	PRODUCTS.
13	(a) Cigars.—Section 5701(a) of the Internal Revenue
14	Code of 1986 is amended—
15	(1) by striking "\$1.828 cents per thousand
16	(\$1.594 cents per thousand on cigars removed during
17	2000 or 2001)" in paragraph (1) and inserting
18	"\$50.00 per thousand",
19	(2) by striking "20.719 percent (18.063 percent
20	on cigars removed during 2000 or 2001)" in para-
21	graph (2) and inserting "52.988 percent", and
22	(3) by striking "\$48.75 per thousand (\$42.50 per
23	thousand on cigars removed during 2000 or 2001)" in
24	paragraph (2) and inserting "\$3.00 per cigar".

1	(b) CIGARETTES.—Section 5701(b) of such Code is
2	amended—
3	(1) by striking "\$19.50 per thousand (\$17 per
4	thousand on cigarettes removed during 2000 or
5	2001)" in paragraph (1) and inserting "\$50.00 per
6	thousand", and
7	(2) by striking "\$40.95 per thousand (\$35.70 per
8	thousand on cigarettes removed during 2000 or
9	2001)" in paragraph (2) and inserting "\$105.00 per
10	thous and".
11	(c) Cigarette Papers.—Section 5701(c) of such
12	Code is amended by striking "1.22 cents (1.06 cents on ciga-
13	rette papers removed during 2000 or 2001)" and inserting
14	"3.13 cents".
15	(d) Cigarette Tubes.—Section 5701(d) of such Code
16	is amended by striking "2.44 cents (2.13 cents on cigarette
17	tubes removed during 2000 or 2001)" and inserting "6.26
18	cents".
19	(e) Smokeless Tobacco.—Section 5701(e) of such
20	Code is amended—
21	(1) by striking "58.5 cents (51 cents on snuff re-
22	moved during 2000 or 2001)" in paragraph (1) and
23	inserting "\$1.50", and

1	(2) by striking "19.5 cents (17 cents on chewing
2	tobacco removed during 2000 or 2001)" in paragraph
3	(2) and inserting "50 cents".
4	(f) PIPE TOBACCO.—Section 5701(f) of such Code is
5	amended by striking "\$1.0969 cents (95.67 cents on pipe
6	tobacco removed during 2000 or 2001)" and inserting
7	"\$2.8126 cents".
8	(g) Roll-Your-Own Tobacco.—Section 5701(g) of
9	such Code is amended by striking "\$1.0969 cents (95.67
10	cents on roll-your-own tobacco removed during 2000 or
11	2001)" and inserting "\$8.8889 cents".
12	(h) Floor Stocks Taxes.—
13	(1) Imposition of tax.—On tobacco products
14	(other than cigars described in section 5701(a)(2) of
15	the Internal Revenue Code of 1986) and cigarette pa-
16	pers and tubes manufactured in or imported into the
17	United States which are removed before January 1,
18	2008, and held on such date for sale by any person,
19	there is hereby imposed a tax in an amount equal to
20	the excess of—
21	(A) the tax which would be imposed under
22	section 5701 of such Code on the article if the ar-
23	ticle had been removed on such date, over
24	(B) the prior tax (if any) imposed under
25	section 5701 of such Code on such article.

1	(2) Credit against tax.—Each person shall be
2	allowed as a credit against the taxes imposed by
3	paragraph (1) an amount equal to \$500. Such credit
4	shall not exceed the amount of taxes imposed by para-
5	graph (1) on January 1, 2008, for which such person
6	is liable.
7	(3) Liability for tax and method of pay-
8	MENT.—
9	(A) Liability for tax.—A person holding
10	tobacco products, cigarette papers, or cigarette
11	tubes on January 1, 2008, to which any tax im-
12	posed by paragraph (1) applies shall be liable for
13	such tax.
14	(B) Method of payment.—The tax im-
15	posed by paragraph (1) shall be paid in such
16	manner as the Secretary shall prescribe by regu-
17	lations.
18	(C) Time for payment.—The tax imposed
19	by paragraph (1) shall be paid on or before
20	April 1, 2008.
21	(4) Articles in foreign trade zones.—Not-
22	withstanding the Act of June 18, 1934 (commonly
23	known as the Foreign Trade Zone Act, 48 Stat. 998,
24	19 U.S.C. 81a et seq.) or any other provision of law,
25	any article which is located in a foreign trade zone

1	on January 1, 2008, shall be subject to the tax im-
2	posed by paragraph (1) if—
3	(A) internal revenue taxes have been deter-
4	mined, or customs duties liquidated, with respect
5	to such article before such date pursuant to a re-
6	quest made under the 1st proviso of section 3(a)
7	of such Act, or
8	(B) such article is held on such date under
9	the supervision of an officer of the United States
10	Customs and Border Protection of the Depart-
11	ment of Homeland Security pursuant to the 2d
12	proviso of such section $3(a)$.
13	(5) Definitions.—For purposes of this sub-
14	section—
15	(A) In general.—Any term used in this
16	subsection which is also used in section 5702 of
17	the Internal Revenue Code of 1986 shall have the
18	same meaning as such term has in such section.
19	(B) Secretary.—The term "Secretary"
20	means the Secretary of the Treasury or the Sec-
21	retary's delegate.
22	(6) Controlled Groups.—Rules similar to the
23	rules of section 5061(e)(3) of such Code shall apply
24	for purposes of this subsection.

1	(7) Other Laws Applicable.—All provisions of
2	law, including penalties, applicable with respect to
3	the taxes imposed by section 5701 of such Code shall,
4	insofar as applicable and not inconsistent with the
5	provisions of this subsection, apply to the floor stocks
6	taxes imposed by paragraph (1), to the same extent
7	as if such taxes were imposed by such section 5701.
8	The Secretary may treat any person who bore the ul-
9	timate burden of the tax imposed by paragraph (1)
10	as the person to whom a credit or refund under such
11	provisions may be allowed or made.
12	(i) Effective Date.—The amendments made by this
13	section shall apply to articles removed (as defined in section
14	5702(j) of the Internal Revenue Code of 1986) after Decem-
15	ber 31, 2007.
16	SEC. 702. ADMINISTRATIVE IMPROVEMENTS.
17	(a) Permit, Report, and Record Requirements
18	FOR MANUFACTURERS AND IMPORTERS OF PROCESSED TO-
19	BACCO.—
20	(1) Permits.—
21	(A) APPLICATION.—Section 5712 of the In-
22	ternal Revenue Code of 1986 is amended by in-
23	serting "or processed tobacco" after "tobacco
24	products".

1	(B) Issuance.—Section 5713(a) of such
2	Code is amended by inserting "or processed to-
3	bacco" after "tobacco products".
4	(2) Inventories and reports.—
5	(A) Inventories.—Section 5721 of such
6	Code is amended by inserting ", processed to-
7	bacco," after "tobacco products".
8	(B) Reports.—Section 5722 of such Code
9	is amended by inserting ", processed tobacco,"
10	after "tobacco products".
11	(3) Records.—Section 5741 of such Code is
12	amended by inserting ", processed tobacco," after "to-
13	bacco products".
14	(4) Manufacturer of processed tobacco.—
15	Section 5702 of such Code is amended by adding at
16	the end the following new subsection:
17	"(p) Manufacturer of Processed Tobacco.—
18	"(1) In General.—The term 'manufacturer of
19	processed tobacco' means any person who processes
20	any tobacco other than tobacco products.
21	"(2) Processed tobacco.—The processing of
22	tobacco shall not include the farming or growing of
23	tobacco or the handling of tobacco solely for sale, ship-
24	ment, or delivery to a manufacturer of tobacco prod-
25	ucts or processed tobacco.".

1	(5) Conforming amendment.—Section 5702(k)
2	of such Code is amended by inserting ", or any proc-
3	essed tobacco," after "nontaxpaid tobacco products or
4	cigarette papers or tubes".
5	(6) Effective date.—The amendments made
6	by this subsection shall take effect on January 1,
7	2008.
8	(b) Basis for Denial, Suspension, or Revocation
9	of Permits.—
10	(1) Denial.—Paragraph (3) of section 5712 of
11	such Code is amended to read as follows:
12	"(3) such person (including, in the case of a cor-
13	poration, any officer, director, or principal stock-
14	holder and, in the case of a partnership, a partner)—
15	"(A) is, by reason of his business experience,
16	financial standing, or trade connections or by
17	reason of previous or current legal proceedings
18	involving a felony violation of any other provi-
19	sion of Federal criminal law relating to tobacco
20	products, cigarette paper, or cigarette tubes, not
21	likely to maintain operations in compliance with
22	this chapter,
23	"(B) has been convicted of a felony violation
24	of any provision of Federal or State criminal

1	law relating to tobacco products, cigarette paper,
2	or cigarette tubes, or
3	"(C) has failed to disclose any material in-
4	formation required or made any material false
5	statement in the application therefor.".
6	(2) Suspension or revocation.—Subsection
7	(b) of section 5713 of such Code is amended to read
8	as follows:
9	"(b) Suspension or Revocation.—
10	"(1) Show cause hearing.—If the Secretary
11	has reason to believe that any person holding a per-
12	mit—
13	"(A) has not in good faith complied with
14	this chapter, or with any other provision of this
15	title involving intent to defraud,
16	"(B) has violated the conditions of such per-
17	mit,
18	"(C) has failed to disclose any material in-
19	formation required or made any material false
20	statement in the application for such permit,
21	"(D) has failed to maintain his premises in
22	such manner as to protect the revenue,
23	"(E) is, by reason of previous or current
24	legal proceedings involving a felony violation of
25	any other provision of Federal criminal law re-

1	lating to tobacco products, cigarette paper, or
2	cigarette tubes, not likely to maintain operations
3	in compliance with this chapter, or
4	"(F) has been convicted of a felony violation
5	of any provision of Federal or State criminal
6	law relating to tobacco products, cigarette paper,
7	or cigarette tubes,
8	the Secretary shall issue an order, stating the facts
9	charged, citing such person to show cause why his
10	permit should not be suspended or revoked.
11	"(2) Action following hearing.—If, after
12	hearing, the Secretary finds that such person has not
13	shown cause why his permit should not be suspended
14	or revoked, such permit shall be suspended for such
15	period as the Secretary deems proper or shall be re-
16	voked.".
17	(3) Effective date.—The amendments made
18	by this subsection shall take effect on the date of the
19	enactment of this Act.
20	(c) Application of Internal Revenue Code Stat-
21	UTE OF LIMITATIONS FOR ALCOHOL AND TOBACCO EXCISE
22	TAXES.—
23	(1) In General.—Section 514(a) of the Tariff
24	Act of 1930 (19 U.S.C. 1514(a)) is amended by strik-
25	ing "and section 520 (relating to refunds)" and in-

1	serting "section 520 (relating to refunds), and section
2	6501 of the Internal Revenue Code of 1986 (but only
3	with respect to taxes imposed under chapters 51 and
4	52 of such Code)".
5	(2) Effective date.—The amendment made by
6	this subsection shall apply to articles imported after
7	the date of the enactment of this Act.
8	(d) Expansion of Definition of Roll-Your-Own
9	Tobacco.—
10	(1) In General.—Section 5702(0) of the Inter-
11	nal Revenue Code of 1986 is amended by inserting
12	"or cigars, or for use as wrappers thereof" before the
13	period at the end.
14	(2) Effective date.—The amendment made by
15	this subsection shall apply to articles removed (as de-
16	fined in section 5702(j) of the Internal Revenue Code
17	of 1986) after December 31, 2007.
18	(e) Time of Tax for Unlawfully Manufactured
19	Tobacco Products.—
20	(1) In General.—Section 5703(b)(2) of such
21	Code is amended by adding at the end the following
22	new subparagraph:
23	"(F) Special rule for unlawfully man-
24	UFACTURED TOBACCO PRODUCTS.—In the case of
25	any tobacco products, cigarette paper, or ciga-

1	rette tubes produced in the United States at any
2	place other than the premises of a manufacturer
3	of tobacco products, cigarette paper, or cigarette
4	tubes that has filed the bond and obtained the
5	permit required under this chapter, tax shall be
6	due and payable immediately upon manufac-
7	ture.".
8	(2) Effective date.—The amendment made by
9	this subsection shall take effect on the date of the en-
10	actment of this Act.
11	SEC. 703. TIME FOR PAYMENT OF CORPORATE ESTIMATED
12	TAXES.
13	Subparagraph (B) of section 401(1) of the Tax In-
14	crease Prevention and Reconciliation Act of 2005 is amend-
15	ed by striking "114.75 percent" and inserting "113.75 per-
16	cent".

In lieu of the matter proposed to be inserted by the Senate amendment to the title of the bill, insert the following: "An Act to amend title XXI of the Social Security Act to extend and improve the Children's Health Insurance Program, and for other purposes.".

Attest:

HOUSE AMENDMENTS TO SENATE AMENDMENTS